

17 November 2023

Early Childhood Education and Care Review
Independent Pricing and Regulatory Tribunal (IPART)
PO Box K35
HAYMARKET POST SHOP SYDNEY NSW 1240

Dear IPART,

**Re: Response to IPART Interim Report (October 2023) on
the Review of Early Childhood Education and Care**

ACA NSW is the peak body for over 1,600 privately-owned predominantly small to medium-sized family-owned and operated businesses who provide early childhood education and care services in New South Wales. ACA NSW members employ over 25,000 employees and are committed to providing excellence in early childhood education and care for the more than 125,000 children and their families.

We appreciate the opportunity to respond to your [Interim Report released in October 2023](#).

Firstly, we broadly support the four (4) overarching draft findings as well as the three (3) priority draft recommendations.

That said, ACA NSW would like to provide commentary on particular aspects of the Interim Report within the context of its corresponding [terms of reference](#). Our commentary is attached.

We will make ourselves available to you should you require any further information and clarification.

Thanking you in anticipation.

Yours sincerely,



Chiang Lim
CEO

encl Table of Comments on the IPART Interim Report

cc The Hon Prue Car MP, NSW Deputy Premier & Minister for Education and Early Learning
The Hon Daniel Mookhey MLC, NSW Treasurer

TABLE OF COMMENTS ON THE IPART INTERIM REPORT

ACA NSW'S RESPONSE TO IPART INTERIM REPORT (OCTOBER 2023) ON THE REVIEW OF NSW'S EARLY CHILDHOOD EDUCATION & CARE

#	Issue/Reference	Comments
01	IPART's Interim Report bears an absence of observation and value of the promises of early childhood education and care within the full context of children's educational and developmental outcomes	<p>As stated on page 90 of the IPART Interim Report, "Affordability is a broad concept that can be understood in many different ways."</p> <p>Prior to 1 January 2012, NSW's long daycare services were regulated by the NSW Department of Family and Community Services. During that time, the value of long daycare services was through the primary lens of childcare.</p> <p>Since 1 January 2012, NSW's long daycare services are regulated by the NSW Department of Education. This means that the NSW Government values long daycare services through the primary lens of children's educational and developmental outcomes.</p> <p>Yet IPART's Interim Report makes little to no mention of the legislative and regulatory requirements by way of the NSW Government's expectations of such children's outcomes, especially in the context of the children's arc of progress from 0-to-18 years of age.</p> <p>Moreover, IPART's Interim Report's section 6.3.1 referred to the NSW Productivity Commission's concerns that the higher NSW regulatory imposts equate to an additional \$3,000 per child per year compared to other jurisdictions. However, the Interim Report did not refer the NSW Department of Education's and the Federal Minister for Education's concerns that 40% and 45% of children respectively were not developmentally on track upon start school despite now 11 years of the National Quality Framework and the NSW version of the National Law and National Regulations. (NOTE: It is also worth reviewing the source of such statistics and contrast their results from 2009 to 2022 with the National Quality Framework's Quality Ratings of services from 2012 to 2022.)</p> <p>ACA NSW requests that IPART review the market for early childhood education and care in NSW and report on the above as a factor which drives the supply of services as well as the affordability, accessibility and consumer choice.</p>
02	Waiting lists (In reference to pages 4, 12, 40, 73, 77, 79 and 84 in IPART Interim Report.)	<p>The IPART Interim Report highlighted the unintended consequences of the lack of harmonised information, one of which being discrete waiting lists held by all early childhood education and care services.</p> <p>In the context of the IPART Review's terms of reference (in particular, competitive neutralist practices, convenience-based, location-based consumer choice for families, information that families have access to), ACA NSW requests that IPART</p>

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		recommends a harmonised and centralised waiting list created by the NSW Government and accessible by all early childhood education and care services. This will not only assist in having more accurate measures of current and near future demand, but it will also enable early childhood education and care services to actively compete for children on this harmonised and centralised waiting list when capacity and places become available.
03	Benchmark estimates and references to for-profit and not-for-profit services (In reference to pages 8, 9, 141, 170, 171, 180, 181, 182 and generally in IPART Interim Report.)	<p>Notwithstanding the difficulties associated with benchmarking costs and fees, especially in the context of differing governance vs ownership models, the IPART Interim Report did not factor in the consequences of the following available to not-for-profit services:</p> <ul style="list-style-type: none"> • their exemptions from company taxes (between 25% and 30%); • their exemptions from NSW payroll taxes (5.45%); and • exclusive access to the NSW Department of Education's Early Childhood Education and Care Grants (for not-for-profit services) (\$478m in FY2021/2022 (see https://education.nsw.gov.au/about-us/strategies-and-reports/annual-reports)) <p>It should be noted that not-for-profit community preschools are currently not eligible to receive the benefits of the Commonwealth's Child Care Subsidies (CCS), even though all long daycare services, family daycare services and out-of-school-hours-care services, regardless of their governance or ownership models, are eligible for CCS.</p> <p>ACA NSW requests the IPART Final Report updates and articulates its findings to demonstrate such eligible services' benefits of taxation exemptions and exclusive access to significant NSW Government Grants.</p>
04	Need for simplification and/or streamlining of legislative and regulatory requirements without sacrificing quality of children's outcomes (In reference to page 138 of the IPART Interim Report)	<p>The IPART Interim Report is right to refer to the planning and early childhood regulatory processes for coordination and simplification.</p> <p>However, the aspired goals should firstly be about children's outcomes by including yet also expanding beyond the expansion of services or extension of operating hours.</p> <p>In addition to the NSW Government's considerations over its <i>State Environmental Planning Policy (Transport and Infrastructure) 2021</i> and its <i>Flexible Initiatives Trial</i>, it should also consider the misalignment between the Quality Ratings of NSW-based early childhood education and care services from 2012 to 2022, and the Australian Early Childhood Census</p>

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		<p>results of 2009 to 2022 (which gave rise to concerns of the NSW Department of Education and the Federal Minister for Education).</p> <p>It should be noted that, as part of the Preschool Reform Agreement signed by the NSW Government, the NSW Department of Education will be trialling of new Preschool Outcomes Measure.</p> <p>ACA NSW requests the IPART Final Report to recommend that simplification as well as streamlining of legislative and regulatory requirements while enhancing quality of children's outcomes include planning, early childhood regulatory processes, preschool outcomes measure(s) and developmental outcomes.</p>
05	<p>New public preschools or evaluating the services offered at existing public preschools</p> <p>(In reference to page 42 of the IPART Interim Report)</p>	<p>The NSW Government is committed to creating 100+50 new/upgraded preschools on school grounds by March 2027.</p> <p>The NSW Government also publicly recognises that such new preschools can unintentionally create negative consequences, including oversupply (which can lead to fee increases as observed by Figures 2.15 and 4.2 the ACCC Interim Report dated July 2023). Even the NSW Deputy Premier & Minister for Education and Early Learning (the Hon Prue Car MP) gave public assurances that the NSW Government intends to fulfil this objective [of new supply] but "... to make sure that this happens without cannibalising other services and support services that already exist".</p> <p>ACA NSW requests the IPART Final Report to recommend that the NSW Government introduces these new public preschools or evaluating the services offered at existing public preschools be conducted while avoiding oversupply and cannibalising other services' and support services' skilled labour.</p>
06	<p>Disability and Inclusion Program should not be limited to NSW community or public preschools</p> <p>(In reference to page 60 of the IPART Interim Report)</p>	<p>As reported on page 53 of the IPART Interim Report, children with disability/additional needs represent 6% and 8% in for-profit and not-for-profit services respectively.</p> <p>Hence, any disability and inclusion program designed to support inclusive education and care for children with disability/additional needs should be governance and settings blind.</p> <p>ACA NSW requests the IPART Final Report to recommend that the NSW Government designs and implements an appropriate Disability and Inclusion Program that is child-focus and not restricted to governance or settings.</p>

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07	NSW Government's digital strategy (In reference to page 125 of the IPART Interim Report)	<p>The draft recommendation of the NSW Government advocating to the Commonwealth Government to make enrolment and attendance data of the Child Care Subsidy publicly available to inform the planning and decision-making of service providers and governments.</p> <p>While this is ideal, there is a likelihood that the Commonwealth Government will not share such data with state and territory governments.</p> <p>ACA NSW requests the IPART Final Report to recommend that in that scenario, the NSW Government should plan to create its own data Application Programming interfaces (APIs) with existing Child Care Management Software (CCMS) platforms so that enrolment and attendance data can be extracted against unique and proxy identifiers for eligible child.</p>