



NSW Budget 2026 Submission

#BestStartInLife



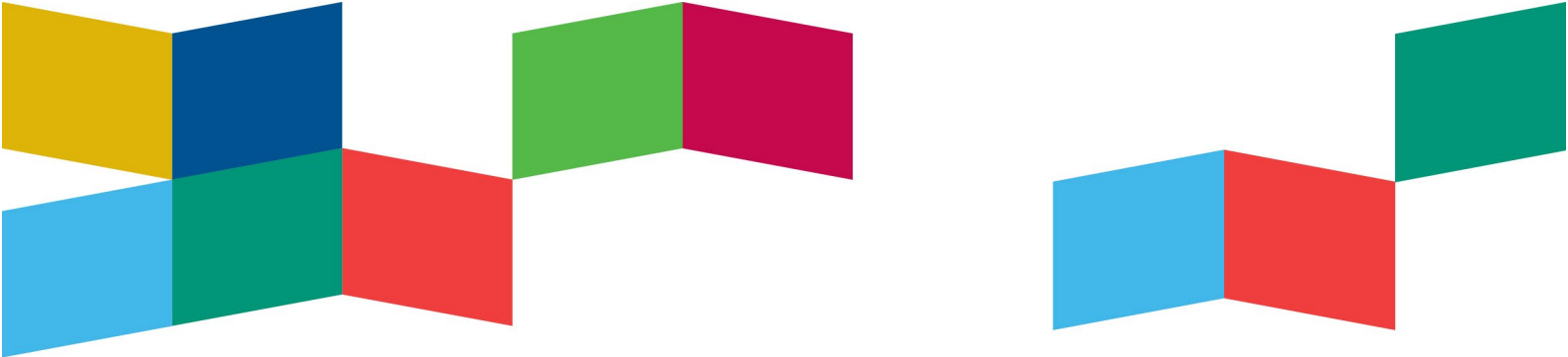
22 December
2025





Contents

Contents	2
Foreword	4
About ACA NSW's Submission	6
A.1 Fulfilling the promises of early childhood education and care	7
A.2 Future of NSW's First Steps Strategy for Aboriginal Children	12
A.3 Future of 100+50 new preschools on school grounds	14
A.4 Building on NSW's Health and Development Checks	18
A.5 Essential Housing for Essential Early Childhood Educators and Teachers	20
A.6 Repairing NSW's Quality Ratings	24
A.7 Rethinking NSW Regulatory Practices	28
B.1 Ensuring our children are protected	31
B.2 Extending NSW EduChat for ECEC	34
B.3 Sustainable Supply of Skilled Labour	35
B.4 Fit-for-Purpose Legal Requirements	39
C.1 Planning for ECEC	43
C.2 Digital Strategy for ECEC	45
C.3 Fairer & Lower Payroll Taxes for ECEC	47
Glossary	48





Foreword

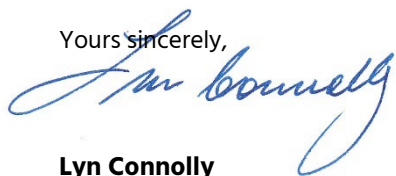
For over 50 years, the Australian Childcare Alliance (ACA) NSW is the largest not-for-profit industry association representing over 1,600 privately-owned early childhood education and care services that educate and care for about 55% of all enrolled children in New South Wales.

While acknowledging that the major funding for early childhood education and care services is through the Federal Government's Child Care Subsidies¹, the implementation of the National Quality Framework², the National Standards, the National Law³ and National Regulations⁴ in NSW since January 2012 and other funding arrangements remain the primary responsibilities of the NSW Government.

Notwithstanding now 13 years of the existing regulatory and financial framework, the NSW early childhood education and care sector has not been able to overtly illustrate the profession's benefits of "*roughly \$8.60 for every \$1 spent*"⁵ nor even the Australian estimates of "*approximately \$2 of benefits for every \$1 spent*"⁶ and even "*13% per year, per child, over a lifetime for every \$1 you put in*"⁷. Hence, to ensure the continuation of the public's trust, public investments and actions of the NSW Government must ultimately and overtly demonstrate dividends through children's outcomes alongside workforce participation and sector sustainability.

ACA NSW has never wavered from the promises of the potential of early childhood education and care. And we continue to be committed to ensuring that **every child in New South Wales** has access to high quality, affordable, sustainable and effective early learning services, and therefore the **best start in life**. This NSW Budget 2026 submission highlights a range of challenges as well as solutions for the NSW Government's consideration.

Yours sincerely,



Lyn Connolly



¹ [Child Care Subsidies](#) were introduced by the Federal Government in July 2018.

² Australia's [National Quality Framework](#) is administered by the National Authority, the Australian Children's Education & Care Authority (ACECQA).

³ The National Law achieves legislative effect via the NSW Parliament's [Children \(Education and Care Services\) National Law Act 2010](#)

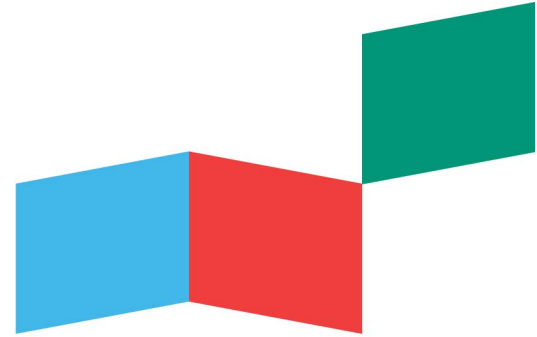
⁴ The National Regulations is the subordinate legislative instrument of the National Law via the NSW Parliament's [Education and Care National Regulations 2011](#).

⁵ "[The Economics of Early Childhood Investments](#)" by Nobel Prize winner Professor James J Heckman (January 2015)

⁶ "[A Smart Investment for a Smarter Australia: Economic analysis of universal early childhood education in the year before school in Australia](#)" by The Front Project (June 2019)

⁷ "[Acting early: The economic case for early intervention](#)", by NSW Health (April 2021)





President, ACA NSW





About ACA NSW's Submission

Our submission for the NSW Budget 2026 has been assembled as follows:

■ Part A: Strategic Solutions

- Fulfilling the promises of early childhood education and care
- Future of NSW's First Steps Strategy for Aboriginal Children
- Future of 100+50 new preschools on school grounds
- Building on NSW's Health and Development Checks
- Essential Housing for Essential Early Childhood Educators and Teachers
- Repairing NSW's Quality Ratings
- Rethinking NSW Regulatory Practices

■ Part B: Immediate Solutions

- Ensuring our children are protected
- Extending NSWeduChat for ECEC
- Sustainable Supply of Skilled ECEC
- Fit-for-Purpose Legal Requirements

■ Part C: Complementary Solutions for Early Childhood Education and Care

- Planning for ECEC
- Digital Strategy for ECEC
- Fairer & Lower Payroll Taxes for ECEC





A.1 Fulfilling the promises of early childhood education and care

Every mother and father instinctively knows that there are significant benefits of early childhood education and care. And all Australian governments professionalised early childhood education and care through the implementation of the National Quality Framework, the National Standards, the National Law and National Regulations since January 2012.

It is worth highlighting two universally accepted measures of the potential dividends of early childhood education and care in economic terms that encompass children's outcomes and workplace participation:

- United States' Nobel Prize winner Professor James J Heckman (published January 2015):

*"In total, the existing research suggests expanding early learning initiatives would provide benefits to society of roughly \$8.60 for every \$1 spent, about half of which comes from increased earnings for children when they grow up."*⁸

- Australia's The Front Project (with assistance from PriceWaterhouseCoopers) (published June 2019):

*"Overall, the study has identified approximately \$2 of benefits for every \$1 spent on early childhood education."*⁹

It is also most interesting to note worth noting that NSW Government published in April 2021 a far more encouraging return on early childhood investment of "\$13 for every \$1"¹⁰ as part of its *Brighter Beginnings: The First 2000 Days of Life* initiative. This has since been updated to "... a return on investment of 13% per year, per child, over a lifetime for every \$1 you put in"¹¹. (NOTE: By way of compound interest, this produces "a return of investment" of \$2,972¹² for every \$1 investment).

Yet, after over 13 years, no Australian government has been able to implement systems to measure nor monitor its public investments against such yardsticks. And without such demonstrations of consequential benefits, early childhood educators and teachers continue to be at risk of their vocations not fully appreciated nor optimised for the benefits of all children.

⁸ ["The Economics of Early Childhood Investments"](#) by Nobel Prize winner Professor James J Heckman (January 2015)

⁹ ["A Smart Investment for a Smarter Australia: Economic analysis of universal early childhood education in the year before school in Australia"](#) by The Front Project (June 2019)we

¹⁰ ["Acting early: The economic case for early intervention"](#), by NSW Health (April 2021)

¹¹ ["Acting early: The economic case for early intervention"](#), by NSW Health (sometime after April 2021)

¹² [Projections of 13% over 82 years of a child's life](#), by ACA NSW



An illustration of this is the noticeable observation that early childhood education and care is generally siloed and not harmonised with schools and their measures of success and/or outcomes, let alone with other aspects of successful development of human beings.

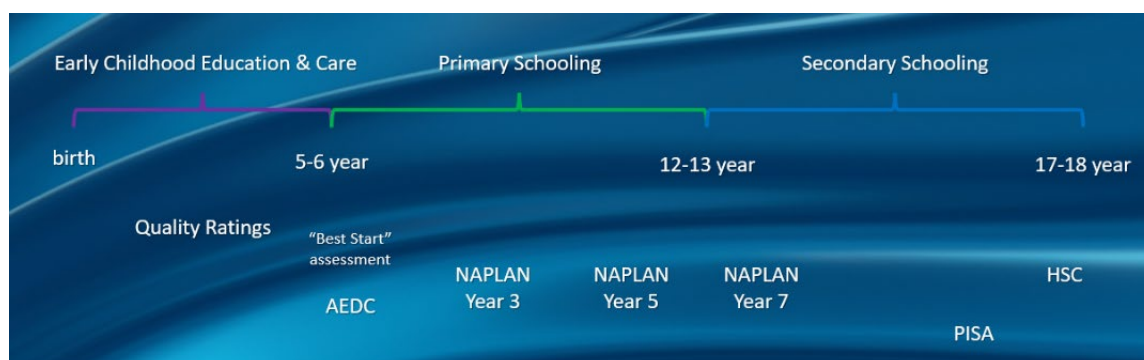


Figure A.1(a) – Departments of Education’s measures of success and/or outcomes from birth to 18 years old

An example of such disconnections was when, after then 10 years of the National Quality Framework, the National Law and National Regulations, the following unintentional remarks were made:

- The NSW Department of Education (on 12 September 2022):

“2 out of 5 children are not developmentally on track upon starting school”¹³

- The Federal Minister for Education, the Hon Jason Clare MP (6 October 2022):

“Last year, 55 percent of four and five year olds were assessed as developmentally ready to start school.”¹⁴

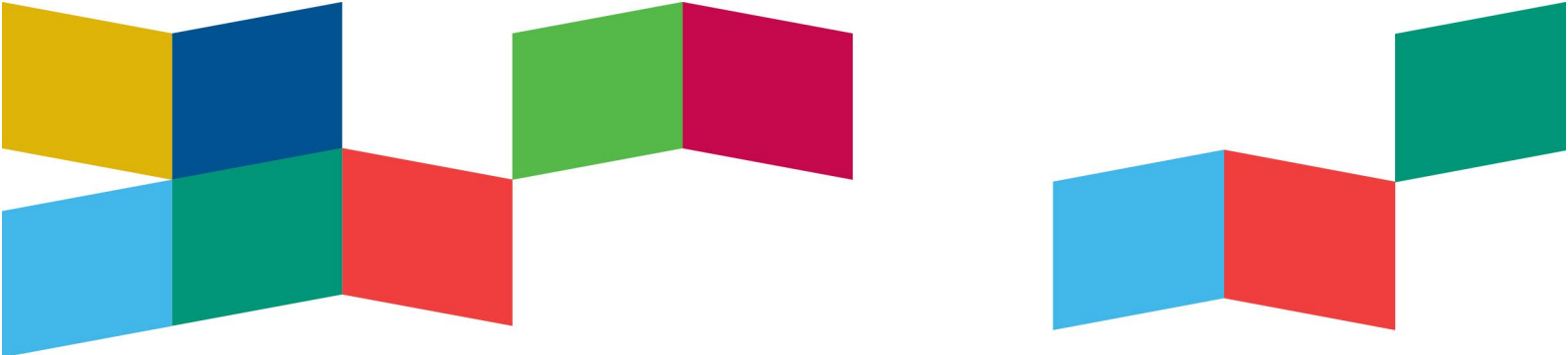
It was explained that such statements were based on the Australian Early Development Census (AEDC)¹⁵ which is not harmonised with the National Quality Framework, the National Standards, the National Law nor the National Regulations.

¹³ A [slide from a public presentation](#) by the NSW Department of Education (12 September 2022)

¹⁴ [Speech](#) by the Federal Minister for Education, the Hon Jason Clare MP, at the Early Childhood Australia National Conference (6 October 2022)

¹⁵ Reference to the [Australian Early Development Census \(AEDC\)](#) (circa 2021)





Yet, such public statements sit uncomfortably with the national authority (the Australian Children’s Education & Care Authority (ACECQA)) who published:

- their NQF Snapshot (Q4 2022):
“89% of services with a quality rating of Meeting National Quality Standards or above”¹⁶
- their NQF Snapshot (Q4 2021):
“87% of services with a quality rating of Meeting National Quality Standards or above”¹⁷

It is worth noting the results of the most recent Australian Early Development Census released on 13 June 2025¹⁸.

	2012	2015	2018	2021	2024
POPULATION: Enrolled preschool children in the year before school (NSW)	Not Available	Not Available	85.03%	86.69%	86.99%
QUALITY AREA 1: Services with Meeting NQS or higher (NSW)	Not Available	69.76%	84.63%	92.06%	95.42%
OVERALL RATING: Services with Meeting NQS or higher (NSW)	Not Available	58.53%	79.85%	87.96%	92.00%
AEDC: Children Not Developmentally On Track Upon Starting School (NSW)	43.90%	44.20%	42.80%	44.50%	45.80%

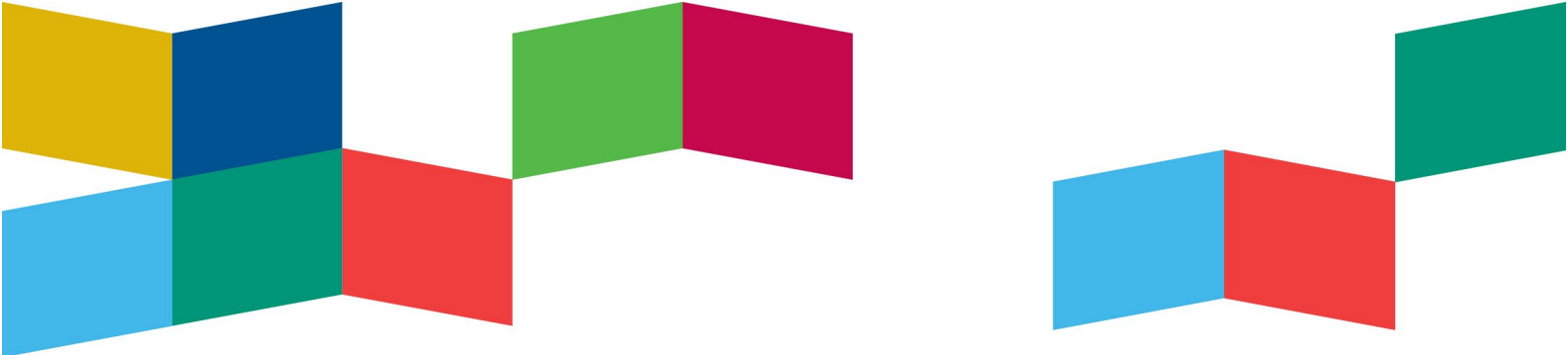
Figure A.1(b) – The Productivity Commission’s Report on Government Services (RoGS), the Australian Children’s Education & Care Quality Authority (ACECQA)’s National Register & the Australian Early Development Census (AEDC) data

The latest AEDC results suggest that NSW children are increasingly not developmentally on track upon starting school, in contrast to the 92% of NSW services Meeting the National Quality Standards or higher, and 95.42% of NSW services’ *Quality Area 1 – Educational Program and Practice* rated as Meeting the National Quality Standards or higher.

As such, particularly in NSW, early childhood education and care persist to be broadly regarded as predominantly childcare and a public policy to address workplace participation for parents.

¹⁶ ACECQA’s [NQF Snapshot Q4 2022](#) (February 2023)
¹⁷ ACECQA’s [NQF Snapshot Q4 2021](#) (February 2022)
¹⁸ [Australian Early Development Census \(AEDC\) Report 2024](#) (released on 13 June 2025)





Such views do contribute risks toward the generation of adequate supply and professional effectiveness of skilled early childhood educators and teachers, as well as achieving the maximum possible outcomes as originally promised by the early childhood education and care profession.

It was encouraging that the Federal Government established a preschool Expert Advisory Group¹⁹ in 2021 with a report due by 2022. All Australian governments have since agreed to design a set of preschool outcomes measures²⁰ to be trialled across all jurisdictions during 2025. However, the lag toward a coherent set of tools that measure and monitor the benefits of early childhood education and care continues to be a significant concern.

Similarly, the NSW Government implemented its \$376.5m Brighter Beginnings initiative over four years as announced in its NSW Budget 2022. This initiative included two aspects that should be harmonised with the early childhood education and care sector's focus on children's outcomes:

- \$111.2m - introducing health and developmental checks (for children in their year before school)
- \$57.2m - developing the Digital Baby Book (ie an electronic version to the hardcopy NSW Blue Book)

Unfortunately, there already exists anecdotal evidence that not all children in their year before school received health and developmental checks. Moreover, despite at least now two years of health and developmental checks, there does not appear to be any analysis on the benefits of such health and developmental checks on children during their year before school, as well as following their year or years at school.

RECOMMENDATION A.1-01: ESTABLISH PUBLIC DASHBOARD AND DATA PORTAL OF NSW CHILDREN'S OUTCOMES FROM BIRTH TO 18 YEARS OLD

- That the NSW Government establishes a public portal showing the NSW set of empirical measures and data availabilities of children's outcomes as they develop from birth to 18 years old.
- That this NSW public portal include the comparisons of the Australian Early Development Census for NSW children and the corresponding years' aggregated Quality Ratings of long daycare services and preschools.
- That the NSW set of measures of children's outcomes must include health, development, transition to school statements and educational outcomes.
- That such NSW measures be appropriately presented via a public dashboard and data portal for the benefit of parents and use by the full spectrum of NSW's education sector.

¹⁹ ["New Expert Advisory Group to focus preschool outcomes launched"](#), The Sector (September 2021)

²⁰ [Preschool Outcomes Measure](#), Federal Department of Education





RECOMMENDATION A.1-02: NSW CENTRES OF EXCELLENCE OF ECEC

- That the NSW Government annually publishes a set of ECEC services that overtly and consistently demonstrates the long-lasting benefits of early childhood education and care (as demonstrated by their respective children in terms of their children's outcomes), so that other ECEC services can learn from and emulate.





A.2 Future of NSW's First Steps Strategy for Aboriginal Children

The NSW Department of Education's vision was that all Aboriginal children in NSW can access quality early childhood education and care (ECEC) and are supported to embrace their culture and identity for a strong start to lifelong learning. Hence, its *First Steps – the NSW Aboriginal Children's Early Childhood Education Strategy 2021-2025*²¹.

Unfortunately, one of its primary objectives of “55% of Aboriginal children will be assessed as developmentally on track in all 5 domains of the Australian Early Development Census by 2031” is unlikely to be fulfilled because:

- in 2021²², 34.3% of Aboriginal and Torres Strait Islander children commencing school nationally were assessed as being developmentally on track in all five AEDC domains;
- this is a decrease from 35.2% in 2018;
- in 2024, 33.9%²³ of Aboriginal and Torres Strait Islander children commencing school nationally were assessed as being developmentally on track in all five AEDC domains; and
- this is another decrease from 34.3% in 2021.

Despite the promises of the multiplier effect of early childhood education and care by Professor Heckman⁷ and NSW Health⁹, the trajectory of outcomes for Aboriginal children from birth to 5 years old require an immediate review, including if the AEDC measures remain appropriate and how the existing early childhood education and care framework, practices and support may be deficient.

And rather than relying on the AEDC data that is conducted every 3 years, an annual assessment of outcomes for Aboriginal children is more urgently warranted to stop this continuing decline.

Moreover, all NSW-based ECEC services are obliged to comply with the National Quality Framework, the National Standards, the National Law and National Regulations. Therefore, there is a concern that they are not appropriately harmonised with the objectives of the First Steps Strategy for Aboriginal Children. Without proper alignment, there is a great risk that the full benefits of early childhood education and care will not be realised for Aboriginal children.

²¹ [“First Steps – the NSW Aboriginal Children's Early Childhood Education Strategy 2021-2025”](#), NSW Department of Education

²² [Closing the Gap](#), information repository, Productivity Commission

²³ [Summary Indicators and Domains by Demographics and Priority Groups \(2009-2024\)](#), Australian Early Development Census 2024 (13 June 2025)





RECOMMENDATION A.2-01: BETTER OUTCOMES FOR ABORIGINAL CHILDREN

- That the NSW Government conducts a multi-agency (including the NSW Department of Education, NSW Health, NSW Department of Communities and Justice) review to assess the effectiveness of the *First Steps Strategy for Aboriginal Children* in response to the AEDC data (2009-2024) as well as the National Quality Framework, the National Standards, the National Law and National Regulations for the benefit of Aboriginal children.



A.3 Future of 100+50 new preschools on school grounds

Prior to the NSW State Election on 25 March 2023, the then NSW Labor Opposition announced that it would build 100 new preschools on school grounds by 2027 (valued at \$769.3m).

Clarification²⁴ was also received in June 2022 from then NSW Shadow Minister for Education and Early Childhood Learning (now the NSW Deputy Premier the Hon Prue Car MP), that stated:

“Recognising oversupply currently exists in a number of areas, co-located preschool under this plan will be targeted to areas with identified genuine need of additional preschool places.”

Such reassurance to avoid oversupply was also provided via a video discussion²⁵ with then NSW Shadow Minister Prue Car MP on 9 March 2023.

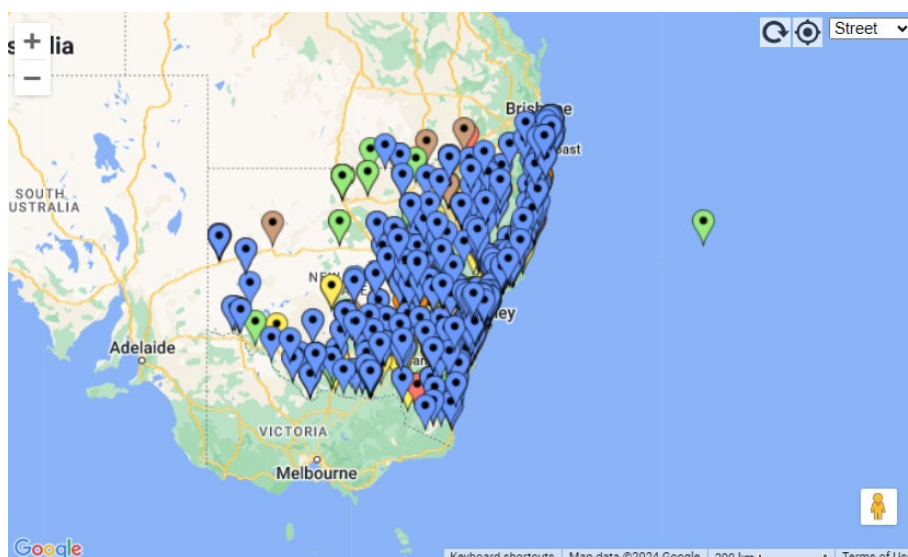


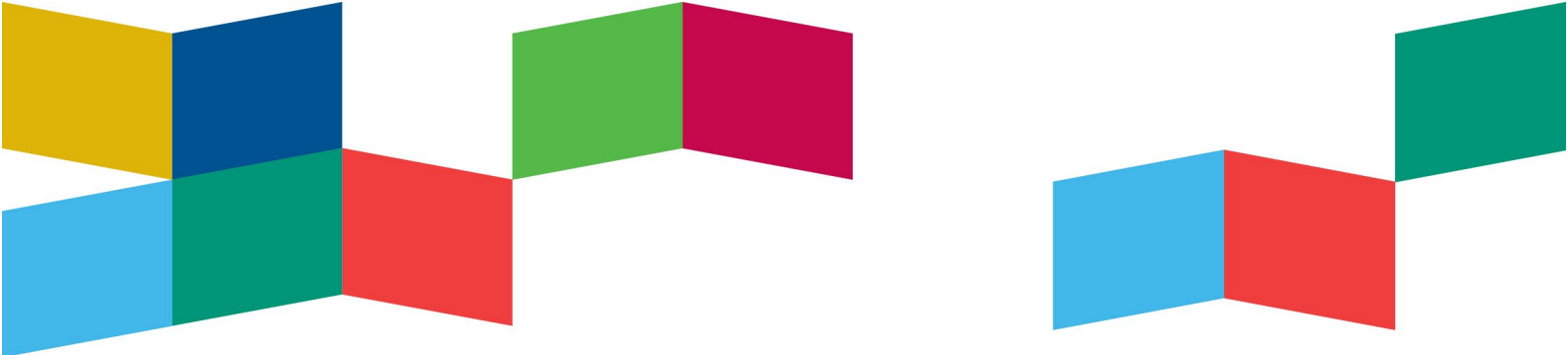
Figure A3.1(a) – Map²⁶ of sites of proposed 100 preschools alongside existing preschool and long daycare services with preschool programs, as well as proposed new non-government preschools and long daycare services with preschool programs

²⁴ [Clarification of preschool availability in NSW](#), Prue Car MP (24 June 2022)

²⁵ [Video discussion with NSW Shadow Minister Prue Car](#) (9 March 2023)

²⁶ [Interactive map](#) available as published by ACA NSW (20 February 2024)

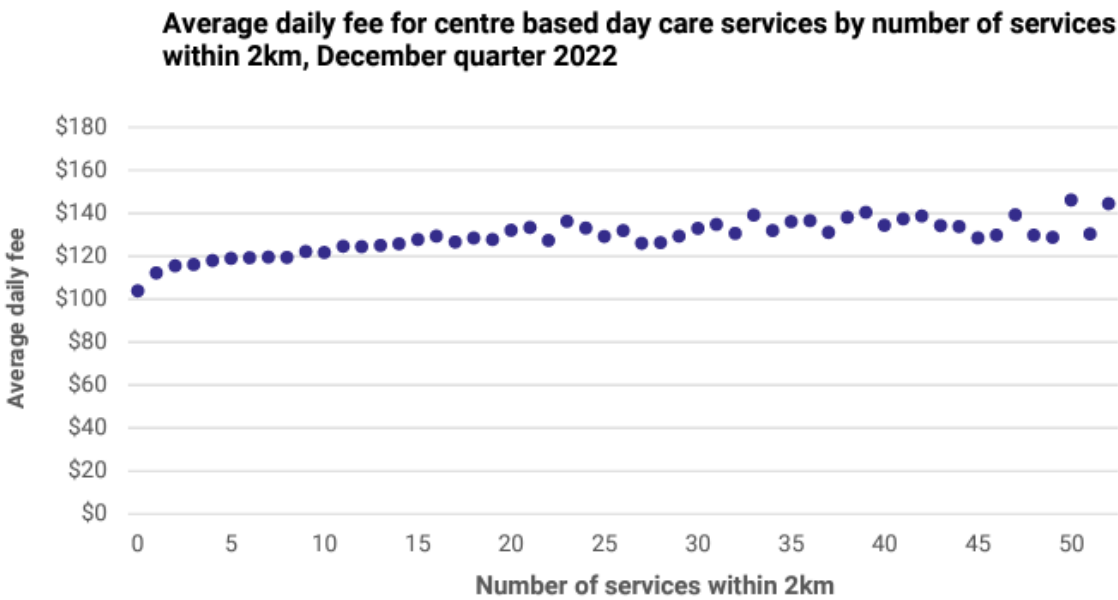




Excessive and unnecessary competition and oversupply have been the subject of significant concerns since 2017. The negative consequences of such are experienced as:

- increases in fees to parents; and
- loss of places (especially for children birth to 2 years old) offered due to loss of early childhood educators²⁷ and teachers²⁸ due to their respective rigid educator:children and teacher:children ratios.

It should be noted that in 2023, the ACCC confirmed that oversupply of services tends to increase the average fees to parents by up to 40% or more.



Source: ACCC analysis of Department of Education administrative data.

Figure A3.1(b) – [ACCC Childcare Inquiry Interim Report](#) (June 2023)

Moreover, the Assessment Panel Decision Making Framework²⁹ used to determine the sites of the proposed 100 preschools appears to be structured such that existing and planned supply can have a structurally skewed and maximum weighting of 9.375% of the full criteria.

²⁷ [Regulation 123 Educator to child ratios – centre-based services](#), NSW Regulations

²⁸ [Regulation 272 Early childhood teachers – children preschool age or under](#), NSW Regulations

²⁹ [Assessment Panel Decision Making Framework](#), NSW Department of Education (2023/2024)



Criteria	Weighting	Sub-Criteria	Weighting
Educational Needs	62.5%	Socio-economic Disadvantage (30% of 62.5%)	18.75%
		Developmental Vulnerability (30% of 62.5%)	18.75%
		Access (40% of 62.5%)	25.00%
Community Impact	37.5%	Existing/planned supply (25% of 37.5%)	9.375%
		Existing/planned funded services (25% of 37.5%)	9.375%
		Existing/planned co-located preschools (25% of 37.5%)	9.375%
		Existing/planned Aboriginal/Torres Strait services (25% of 37.5%)	9.375%
TOTAL	100%		100%

Figure A3.1(c) – Summary of weightings within the Assessment Panel Decision Making Framework (NSW Department of Education)

It is also important to contrast the NSW Department of Education’s 100 chosen sites for new/upgraded preschools with the NSW Independent Pricing and Regulatory Tribunal (IPART)’s recommendations³⁰ for sites for new early childhood education and care services to address undersupply.



Table 5.3 Most undersupplied areas in Greater Sydney, for population aged 0-5, by SA2 – lower demand estimate

Nr	SA2 Name	Remoteness	CALD	Indig	Disab	SEIFA	Places ^a
1	Warwick Farm	Major Cities	43%	2%	8%	1	47
2	Regents Park	Major Cities	63%	0%	5%	3	77
3	Lakemba	Major Cities	51%	1%	5%	1	364
4	Berala	Major Cities	63%	0%	5%	3	89
5	Liverpool - West	Major Cities	43%	2%	8%	1	608
6	Prospect Reservoir	Major Cities	32%	9%	9%	-	199
7	Wiley Park	Major Cities	51%	1%	5%	2	174
8	Chullora	Major Cities	47%	1%	6%	8	63
9	Bidwill - Hebersham - Emerton	Major Cities	32%	9%	9%	1	260
10	Lurnea - Carwright	Major Cities	43%	2%	8%	1	296
11	Edensor Park	Major Cities	56%	1%	7%	3	195
12	Fairfield - West	Major Cities	56%	1%	7%	1	215
13	Fairfield - East	Major Cities	48%	1%	7%	1	335
14	Auburn - South	Major Cities	63%	0%	5%	3	354
15	Merrylands - Holroyd	Major Cities	48%	1%	7%	3	930

a. This is the current number of ECEC places for 0-5-year-olds in the SA2 at July 2023, based on NSW Department of Education QARS data. Note: "CALD" refers to children from culturally and linguistically diverse backgrounds. "Indig" refers to Aboriginal and Torres Strait Islander children and "Disab" refers to children with disability/additional needs.

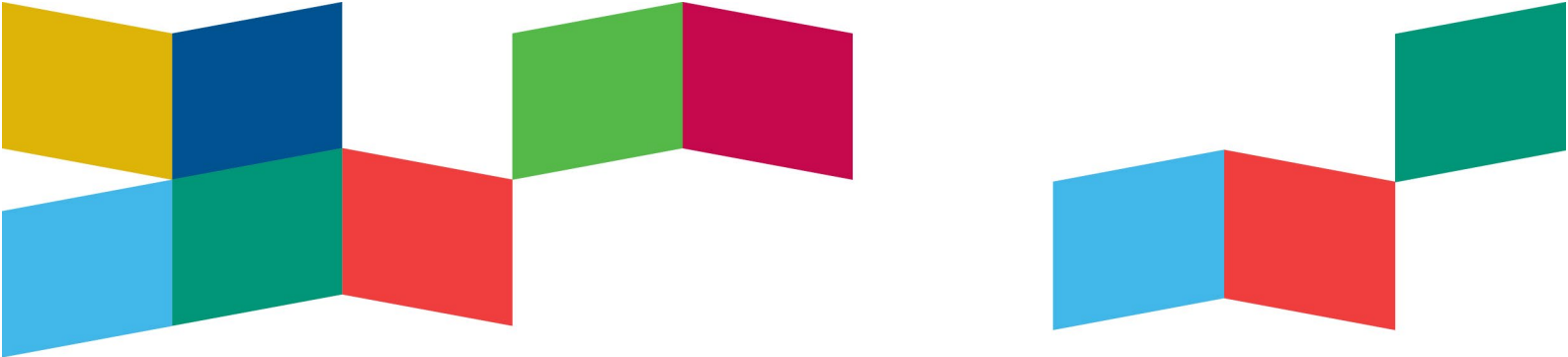
Source: Cth Department of Education CCS data, 2022 Community Preschool and NSW Government preschool censuses, NSW Department of Education QARS, July 2023, NSW Department of Planning and Environment Population Projections, ABS Census 2021, ABS, Disability, Ageing and Carers, Australia: Summary of Findings, 2018, and IPART analysis.

Figure A3.1(d) – IPART Report to the NSW Minister on sites for ECEC services to address undersupply

Although recognising that both may not bear the exact same objectives, it is worth contrasting the two sets of site selections on the basis that the 100 sites for new/upgraded preschools were selected without an adequate assessment component to measure educational deficit through existing services as part of the overall criteria (in addition to appropriate weighting on existing services). In other words, the IPART’s approach may be more effective with addressing undersupply than the decisions made in relation to the 100 sites for preschools on school grounds.

³⁰ [NSW IPART Report to the Minister](#) (December 2023)





Furthermore, due to the NSW Government's obligations to enrol non-Australian citizens into NSW public schools³¹, it therefore makes sense to extend public preschools to non-Australian citizens as well. Such needs from children of non-Australian citizens would be deemed as real as most Commonwealth support would be focussed on Australian citizens.

Similarly, as articulated by the Productivity Commission's *Final Report of the Review into Early Childhood Education and Care's Inclusion Support Program*³², there is consensus that there is not sufficient capacity nor consistent distribution of capacity to support appropriate inclusion and special needs.

Hence, it is the NSW Government's self-interest to capitalise on its public commitments to create new supply of early childhood education and care services towards those children where existing social infrastructure may not be supporting adequately.

RECOMMENDATION A.3-01: URGENT NEED TO CLARIFY NSW GOVERNMENT'S STRATEGY TO ADDRESS TRUE UNDERSUPPLY OF EARLY CHILDHOOD EDUCATION AND CARE SERVICES

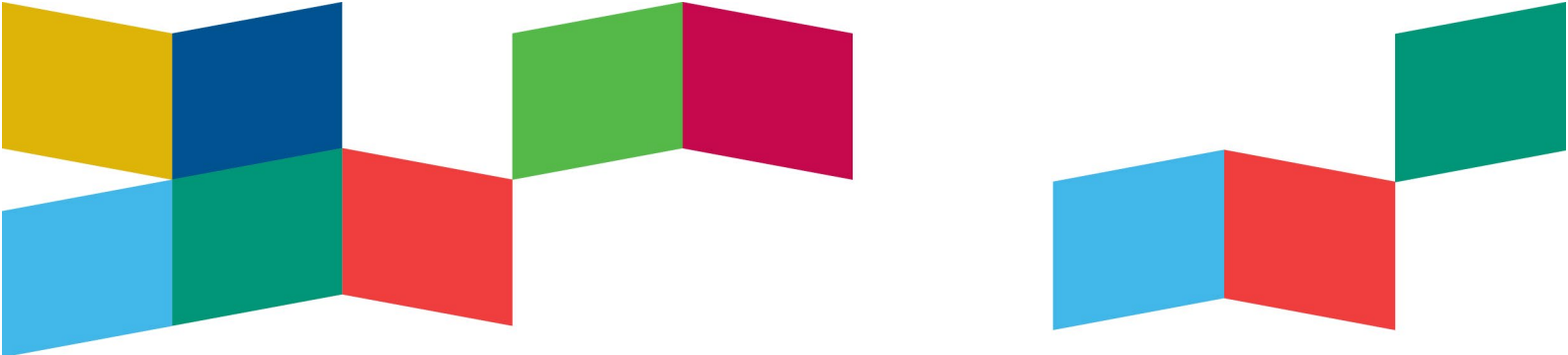
- That the NSW Government publishes how ECEC services are to be measured to demonstrate if existing services are successfully producing the children's educational and developmental outcomes the NSW Government will accept instead of intervening to address apparent undersupply of quality and effective services.
- That, in maximising government interventions to address undersupply, the NSW Government prioritises a group(s) of children who tend not to be adequately supported otherwise (including vulnerable children, children at risk, children with developmental needs, and non-Australian citizens (for example children of refugees)).
- That in anticipation of the use of taxpayer funds to exercise government intervention to address undersupply, the NSW Government publishes its assessment criteria on the consideration of service settings (ie creating new centre-based infrastructure versus leveraging existing early childhood education and care services).
- That the NSW Government abandons the NSW Department of Education's Assessment Panel Decision Making Framework, and task the NSW IPART to develop and publish a new model for identifying and prioritising new preschools on school grounds based on demonstrable need, while avoiding oversupply.

Please note that Recommendation A.3-01 should also be considered in conjunction with Part C.1 Planning for ECEC.

³¹ [Enrolment of non-Australian Citizens Process and Eligibility](#), NSW Department of Education

³² [Final Report of the Review into Early Childhood Education and Care's Inclusion Support Program](#), Productivity Commission ()





A.4 Building on NSW's Health and Development Checks

First announced on 21 June 2022, the NSW Government introduced its \$376.5m Brighter Beginnings³³ initiative beginning 1 July 2023. This initiative includes \$111.2m for a trial of free health and developmental checks for children in the year before school.

Conducted on the premises of early childhood education and care services, health professionals across all 15 NSW local health districts will check children's health and development such as:

- their listening and talking skills;
- their social skills and behaviour;
- their gross and fine motor skills;
- their learning, thinking and problem-solving skills; and
- how their bodies are growing, such as their height, weight, and teeth.

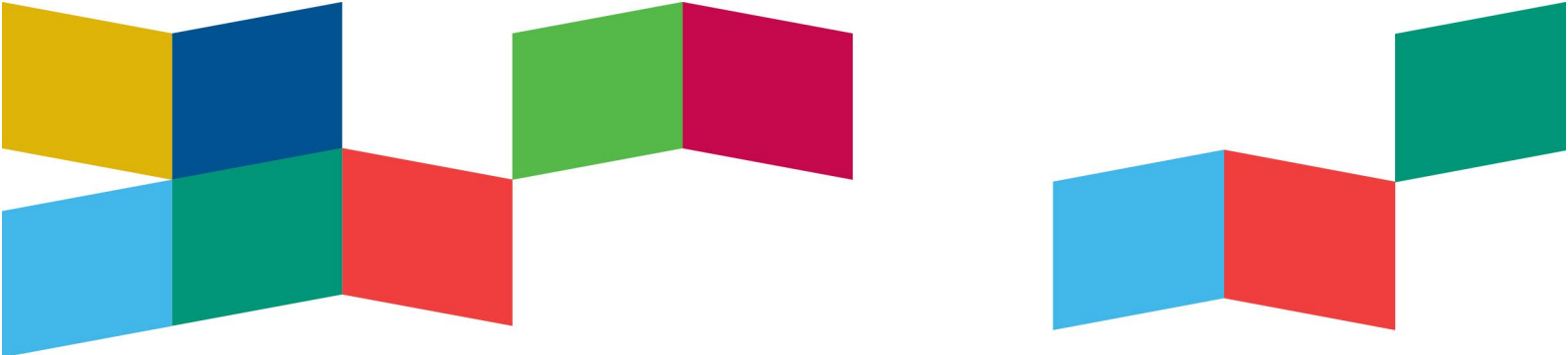
This is an initiative that ACA NSW wholeheartedly supports as NSW President Lyn Connolly had been agitating for well over 30 years for all children (albeit the trial is currently only focussed on children in the year before school).

Meaningful opportunities therefore emerge for the benefit for all children (not just those in their year before school) at existing and new ECEC services using specific and/or aggregated health and development data at the local health district level:

- advice and assistance to parents for particular children or cohort of children in the particular local health district(s) can be deployed;
- additional support can be deployed in a more timely manner to particular children or cohort of children in the particular local health district(s); and
- more effective service deliveries at ECEC services can achieve greater alignment between Quality Ratings and the eventual AEDC data.

³³ Brighter Beginnings announced in the [NSW Budget 2022-2023](#) (21 June 2022)





The evolution and expansion of NSW's health and development checks are necessary to significantly achieve the promises of early childhood education and care investments as articulated by Professor James J Heckman³⁴ (estimation of an 8.6x multiplier) as well as NSW Health³⁵ (estimation of a 13x multiplier).

The Brighter Beginnings initiative also included:

- \$70.9m - expanding Sustaining NSW Families; and
- \$57.2m - developing the Digital Baby Book (ie an electronic version to the hardcopy NSW Blue Book)

It would therefore benefit NSW children and their parents greatly when the (expanded) data generated through health and development checks can be directly shared with parents and their support network (eg their General Practitioners). Such aggregated data kept by parents for their children can then be better synchronised with the resourcing of every NSW local health district so that health and development of children are harmonised with the promises of early childhood education and care.

RECOMMENDATION A.4-01: EXPANDING CHILDREN'S HEALTH & DEVELOPMENT CHECKS

- That the NSW Government plan to extend the current health and development checks of children to include all children from birth to 5 years old as soon as possible, and that such expansion be harmonised with existing health infrastructure for children and families.
- That the NSW Government develop a data enabling infrastructure (including the expansion of the electronic version of the NSW Blue Book) for the benefit of children, parents, health services and early childhood education and care services.

³⁴ "[The Economics of Early Childhood Investments](#)" by Nobel Prize winner Professor James J Heckman (January 2015)

³⁵ "[Acting early: The economic case for early intervention](#)", by NSW Health (April 2021)





A.5 Essential Housing for Essential Early Childhood Educators and Teachers

"Housing is one of our most basic needs and perhaps our biggest blindspot," said Professor Esther Sullivan.

The affordability of housing has become a most significant obstacle for far too many Australians. Unfortunately, it is more negatively magnified on essential workers, including early childhood educators and teachers, on primarily two fronts:

- the cost of housing; and
- their financial ability to compete for housing.

It is self-evident that there is an inequitable and ever-widening disadvantage of essential workers' financial ability to secure their homes within a reasonable amount of time. Yet, community expectations for essential workers' services and outcomes are currently without sufficient community and government responses to recognise, support and preserve their professional choice to be essential workers.

ACA NSW must emphasise that affordable housing is not just an intra-Sydney issue, but also a significant regional and rural concern as well. Due to internal migration, essential workers are also disadvantaged when competing with higher numbers of domestically migrating and better resourced individuals, couples and families for the finite local housing supply.

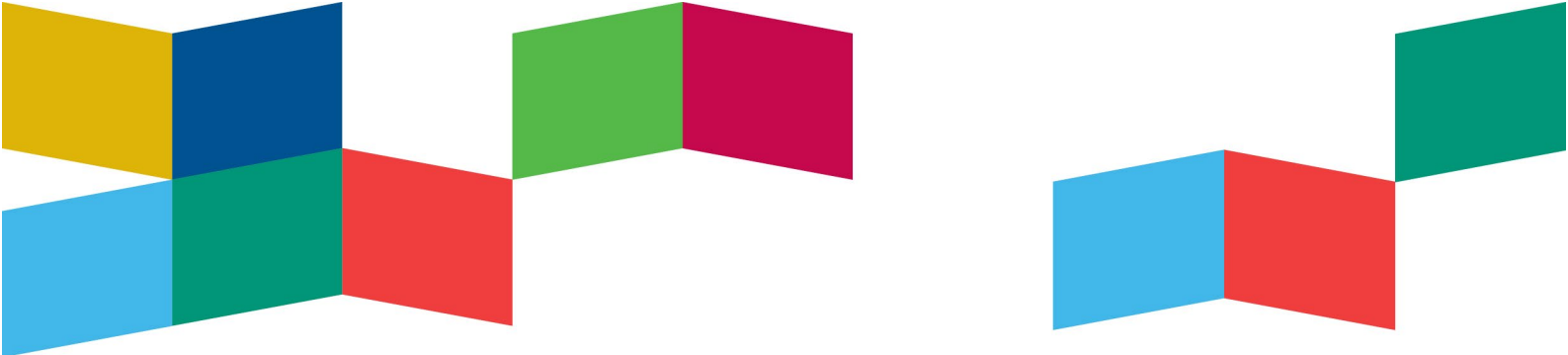
During the COVID pandemic, both the NSW Government and the Federal Government recognised early childhood educators, teachers and supporting personnel (alongside a specific group of professions and industry sectors) as Essential/Critical/Authorised Workers³⁶.

Achieved through the relevant NSW Public Health Orders³¹, such people were unquestioningly accepted as important and necessary to ensure the critical functioning of our society, our state and our nation.

Such unambiguous and unchallenged recognition and appreciation not only by governments but also by all Australians therefore articulate the significant social and economic importance and value of Essential Workers.

³⁶ [NSW Public Health \(COVID-19 Additional Restrictions for Delta Outbreak\) Order \(No 2\) 2021](#), NSW Health (10 September 2021)





Hence, it is timely to revisit not only what all Australian governments and our communities ought to implement to not only legally define but even more importantly ensure the necessary sustainable supply and retention of all Essential Workers.

The national authority for early childhood education and care (the Australian Children's Education and Quality Authority (ACECQA)) had confirmed our sector's severe labour shortage prior to the COVID pandemic. It was then estimated that 39,000³⁷ more early childhood educators and teachers were needed by December 2023.

Such severe labour shortages have continued to persist as the following observations suggest:

- the Australian Competition & Consumer Commission (ACCC)'s Childcare Inquiry Interim Report (September 2023)³⁸ stated, *"Current educator shortages are having a material impact on the supply and cost of childcare"*;
- the Jobs and Skills Australia's The Future of the Early Childhood Education Profession Report (September 2024) stated, *"More than 20,000 extra early childhood educators urgently needed in Australia to keep up with current demands"*³⁹; and
- ACECQA's Shaping Our Future (2022-2031)⁴⁰ stated: *"In the context of declining enrolments in approved educator and teacher qualifications, increasing demand for early childhood teachers and a growing shortage of primary school teachers, the children's education and care sector continues to face significant and increasingly urgent workforce challenges"*.

Hence, housing for current as well as future early childhood educators and teachers, as Essential Workers, is a substantial and on-going consideration for individuals wishing to enter and continue into the early childhood education and care profession.

In NSW, it may therefore be opportune to expand its Transport Oriented Development (TOD) Program⁴¹ such that there are housing for families with young children that are affordable while also increasing early childhood education and care supply for them and others nearby.

By leveraging NSW planning mechanisms, the NSW Government introduce a government scheme so that a proportion of TOD residential developments are for the families with young children and Essential Workers:

- that are priced to be sold to them in the maximum range of 3-5 times their combined household incomes;

³⁷ [Workforce Report](#), ACECQA (November 2019)

³⁸ [Childcare Inquiry Interim Report](#), ACCC (September 2023)

³⁹ [The Future of the Early Childhood Education Profession Report](#), by Jobs and Skills Australia (September 2024)

⁴⁰ [Shaping Our Future \(2022-2031\)](#), ACECQA (September 2021)

⁴¹ [Transport Oriented Development \(TOD\) Program](#), Planning NSW (December 2023)



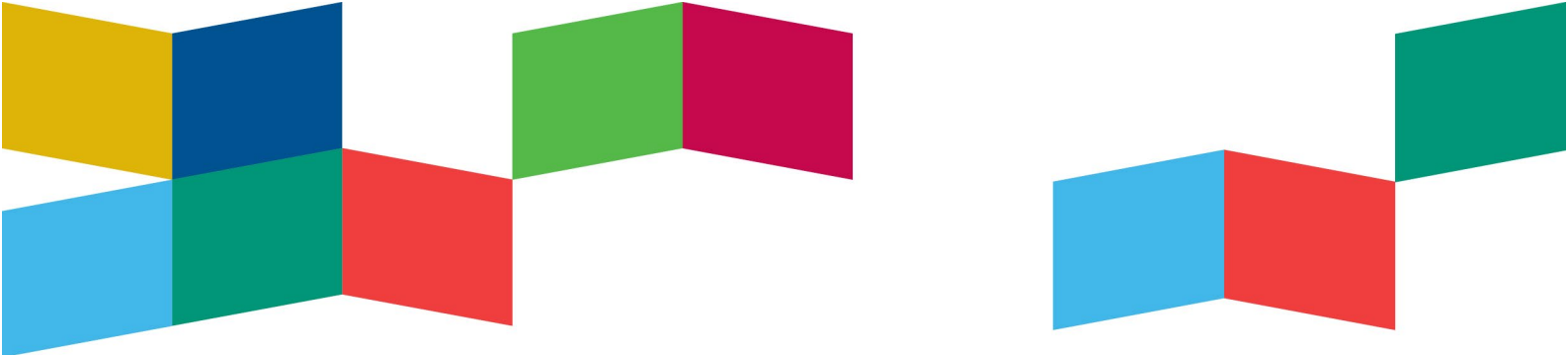
- that developer contributions be deferred and indexed for a minimum of 10 years and paid to the respective local councils when the property is sold in the open market after 10 years; and
- that the property must be sold back to the NSW Government scheme within its first 10 years of it being built.

Notwithstanding the variability of land costs, the cost of building a typical 2-bedroom residential unit for young families under existing NSW planning laws can be between \$450,000 to \$550,000. Using the abovementioned proposed government scheme, housing can be affordable for families with young children and Essential Workers.

RECOMMENDATION A.5-01: ESSENTIAL HOUSING FOR ESSENTIAL ECEC EDUCATORS & TEACHERS

- That the NSW Parliament introduce appropriate NSW legislation such that the term “Essential Workers” and a defined list is articulated and managed.
- That the NSW Minister for Planning revise the NSW Apartment Design Guide (ADG) such that the necessary quantum of affordable housing supply can be achieved and potentially reserved for Essential Workers. (NOTE: There may be a necessity to consider the impact of local governments’ Development Control Plans (DCPs) as such planning instruments can override the ADG.)
- That the NSW Parliament introduce appropriate obligations on NSW local governments such that they must annually fulfil the requisite amount of new housing stock for Essential Workers, report the number of Essential Workers each local government area needs each year, and publish the number of Essential Workers housed and are awaiting to be housed in their local government areas.
- That the NSW Minister for Planning expand the NSW Transport Oriented Development (TOD) Program such that the necessary proportion of residential development are affordable and reserved for families with young children and Essential Workers.
- That the NSW Government exempt Essential Workers from stamp duties when purchasing their principal residence and create a mechanism to provide rebates of the proportionate value of the government charges imposed on developers for their new principal residence.
- That the NSW Government introduce an Essential Workers’ Liveability Index (in terms of supply and availability) for every local government that is relevant for Essential Workers.





It is worth noting that the current initiatives of the NSW Government to increase affordable housing supply may not have adequately considered social infrastructure like early childhood education and care.

RECOMMENDATION A.5-02: EXPANDING NSW HOUSING STRATEGY TO INCLUDE ECEC

- That the NSW Government invite the Housing Development Authority⁴² and the Housing Taskforce⁴³ to ensure that future housing supply includes the planning for ECEC services, especially for young families.

Please note that ACA NSW has made its submission⁴⁴ to the NSW Parliament's inquiry into Essential Housing for Essential Workers. Greater technical details are provided in that submission.

⁴² [Housing Delivery Authority](#), NSW Government (December 2024)

⁴³ [Housing Taskforce](#), NSW Government (November 2024)

⁴⁴ [Submission for the consideration of Essential Housing for early childhood educators and teachers across NSW](#), by ACA NSW (10 October 2024)



A.6 Repairing NSW's Quality Ratings

The Quality Ratings⁴⁵ of every early childhood education and care (ECEC) services was originally designed:

- to oblige every ECEC service to comply with or exceed the National Quality Standards (NQS)⁴⁶; and
- to ensure every ECEC service is assessed in a timely fashion so as to convey the level of quality to parents.

The overwhelming majority of early childhood education and care services have been rated by their local Regulatory Authorities (eg the NSW Department of Education) as Meeting the National Quality Standards or higher for many years now. In fact, 91%⁴⁷ of services are now rated Meeting or higher. (NOTE: The percentage for NSW is 92.8% for the corresponding period.)

However, for the last 7 years, more services previously rated as Exceeding the NQS have instead been re-rated as Meeting the NQS. Such recalibration has been more obvious since the National Quality Framework was updated in 2018.

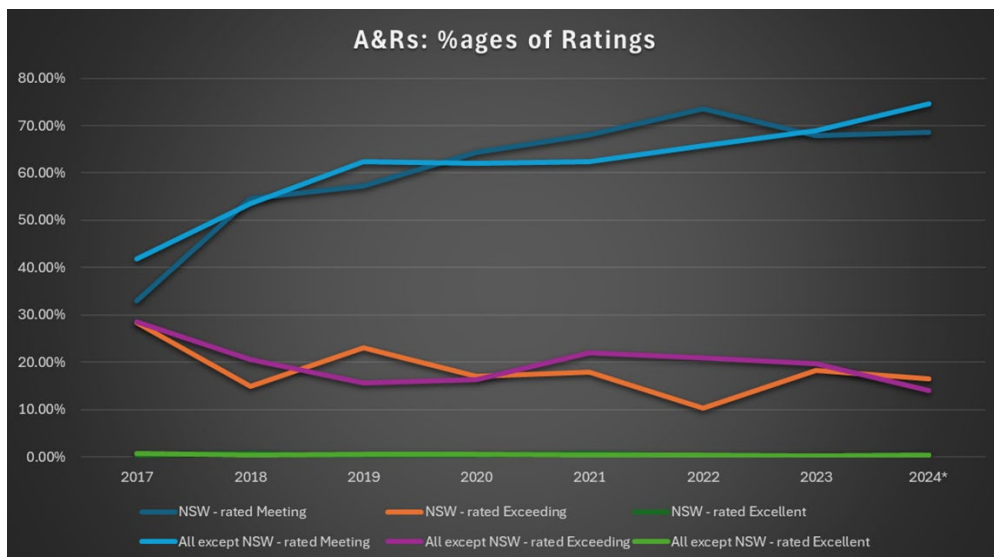


Figure A6.1(a) – SOURCE: Australian Children's Education and Quality Authority's National Registers⁴⁸

⁴⁵ About [Quality Ratings](#), by the Australian Children's Education and Quality Authority (ACECQA)

⁴⁶ About the [National Quality Standards](#), by ACECQA

⁴⁷ [NQF Snapshot Q3 2025](#), by ACECQA (November 2025)

⁴⁸ [National Registers](#) of ACECQA



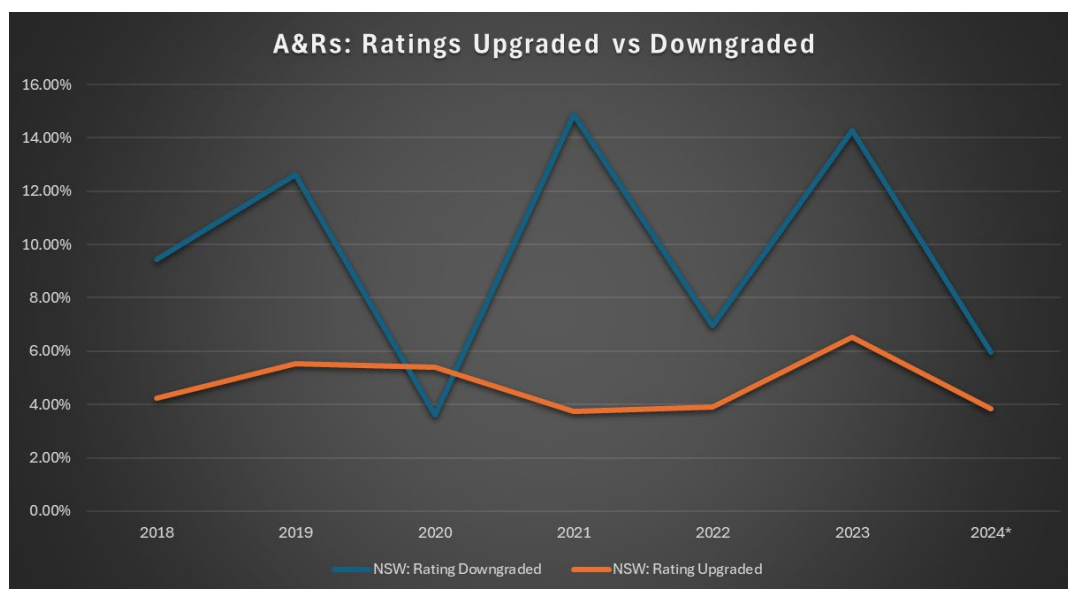


Figure A6.1(b) – SOURCE: Australian Children’s Education and Quality Authority’s National Registers⁴¹

Total Number of Services	2017	2018	2019	2020	2021	2022	2023	2024
NSW	5,361	5,444	5,492	5,600	5,722	5,854	5,948	5,946
NSW - rated Meeting	2,222	2,399	2,571	2,964	3,359	3,650	3,907	4,096
NSW - rated Exceeding	1,538	1,455	1,309	1,405	1,286	1,261	1,143	1,114
NSW - rated Excellent	13	16	14	16	15	16	12	10
% of services based on their Quality Ratings	2017	2018	2019	2020	2021	2022	2023	2024
NSW - rated Meeting	41.45%	44.07%	46.81%	52.93%	58.70%	62.35%	65.69%	68.89%
NSW - rated Exceeding	28.69%	26.73%	23.83%	25.09%	22.47%	21.54%	19.22%	18.74%
NSW - rated Excellent	0.24%	0.29%	0.25%	0.29%	0.26%	0.27%	0.20%	0.17%
% of services Meeting the NQS or higher	70.38%	71.09%	70.90%	78.30%	81.44%	84.16%	85.10%	87.79%
ACECQA NQF SNAPSHOTS (NATIONALLY)	2017	2018	2019	2020	2021	2022	2023	2024
% of services Meeting the NQS or higher	77%	79%	80%	84%	87%	89%	90%	Not Yet Published

Table A6.1(c) – SOURCE: Australian Children’s Education and Quality Authority’s National Registers⁴¹

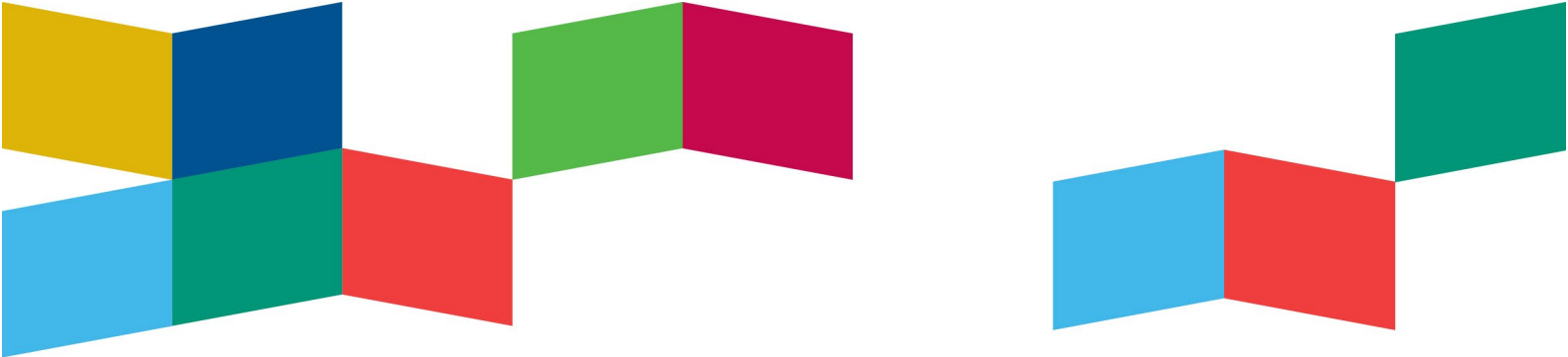
Please note that NSW also consistently underperforms compared to the nation as a whole (as illustrated by the comparison of services Meeting the NQS or higher as published by ACECQA’s NQF Snapshots⁴⁹.

And it is worth noting also that ACECQA announced in its NQF Snapshot Q3 2024 that “91% of services meet or exceed the National Quality Standard for the first time⁵⁰”. If calculated without NSW, that percentage would be higher than NSW.

⁴⁹ [NQF Snapshots](#), by the Australian Children’s Education and Care Quality Authority (ACECQA)

⁵⁰ [NQF Snapshot Q3 2024](#), by ACECQA





Such effectively downgrading of more services (towards Meeting the NQS) have consequently been giving the false impression to parents and the public that the quality of those services have declined. Worse, it is a contributing factor in terms of the loss of morale and vocational faith by early childhood educators and teachers. This consequently stokes a persisting loss of confidence and incentive to strive for continuous improvement, instead to just do the bare minimum to comply. It also is a major contributor towards higher attrition of early childhood educators and teachers.

Ironically, the NSW Government initiated its independent Wheeler Report⁵¹ following a number of child safety failures. This report showed that 66.6% of services rated as Exceeding the National Quality Standards were also regarded by the NSW Regulatory Authority as High Risk or Very High Risk.

And as presented in Parts A.1 and A.2 in this NSW Budget 2025 submission, the Australian Early Development Census conducted every three years, ACECQA's the quarterly NQF Snapshots as well as the absence of analysis from the NSW Education Standards Authority or from the NSW Centre for Education Statistics and Evaluation, together presents a Quality Rating system that has become less reliable as a true measure of quality of NSW-based ECEC services.

Even the recent Technical Report⁵² published in June 2024 by the Australian Education Research Organisation (AERO) while promoting⁵³ the value of Exceeding the National Quality Standards (NQS) was seriously undermined by the Technical Report's own admission that their data pre-dated 2018 when the calibrations for Meeting the NQS and Exceeding the NQS changed significantly since 2018.

As highlighted in Part A.1 in this NSW Budget 2025 submission, since all governments have become committed to defining and introducing preschool outcomes and measures⁵⁴, despite the National Quality Framework's existence since 2012, it is in the NSW Government's own interests to empirically define and implement children's expected outcomes for every stage of their development from birth to 5 years of age so that such children's outcomes can be further maximised from their 6 to 18 years of age.

Moreover, while there will continue to be a small proportion of children from birth to 5 years of age who will not have any early childhood education and care, it is also worthwhile to track those children's outcomes for comparison with those who have had early childhood education and care.

By having and publishing a comprehensive and trusted methodology of monitoring as well as demonstrating the benefits of early childhood education and care, the public will have greater incentive to invest if not invest further, and the sector will be even more invested into its own profession.

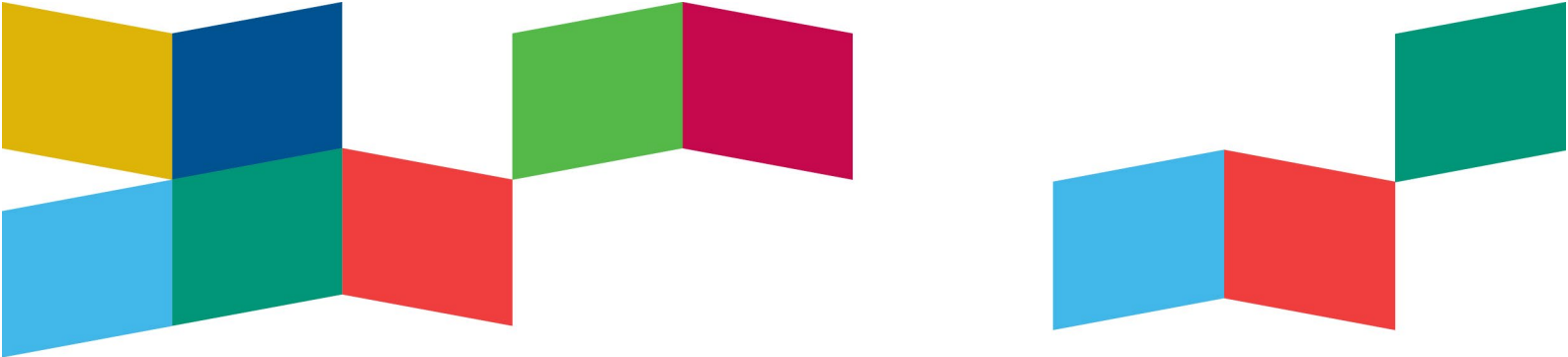
⁵¹ [Early Childhood Education and Care Regulation in NSW Independent Review](#), Chris Wheeler Consulting (May 2025)

⁵² ["Linking Quality and Child Development in Early Childhood Education and Care" Technical Report](#), by the Australian Education Research Organisation (AERO) (June 2024)

⁵³ ["The NQF Works! Implication of AERO's study linking quality and child development"](#), by The Front Project (21 November 2024)

⁵⁴ [Preschool Outcomes Measures](#), Federal Department of Education





Finally, as NSW is one of the most multicultural communities in the world, there is an understandable practice of comparing our children with others in the world. And as the world continues to be proverbially smaller over time, our children are more exposed to greater global competition. As such, it is incumbent upon the NSW Government to maximise the promises of early childhood education and care as well as school education in order to ensure our children are not disadvantaged in their future on the world stage.

RECOMMENDATION A.6-01: MAKING QUALITY RATINGS RELEVANT AND RELIABLE FOR NSW

- That the NSW Government commission Chris Wheeler to continue his review into why the now independent NSW Early Learning Commission⁵⁵ and its assessment and ratings processes are not in alignment between the National Quality Framework, National Laws and National Regulations with empirically defined regulatory requirements and the public's expectations of children's outcomes.
- That the NSW Government invest in research into early childhood education and care to produce reliable data showing the quality of children's outcomes and their correlation to benefits for children from birth to 18 years of age.
- That the NSW Government invest in research to inform the harmonisation and effectiveness of early childhood education and care as well as school education so that NSW children's outcomes are comparable, if not superior, to other children in the corresponding cohorts across Australia and the world.

⁵⁵ [NSW Early Learning Commission](#) (from 1 December 2025)



A.7 Rethinking NSW Regulatory Practices

William Howard Taft once said: “*We are all imperfect. We can not expect perfect government.*” But imperfection unchanged often transforms into unfairness.

Year	CONFIRMED BREACHES AT NQF APPROVED ECEC SERVICES		
	NSW	NSW (% of Australia)	Rest of Australia
2016/2017	3,797	24.95%	11,424
2017/2018	7,865	39.71%	11,943
2018/2019	7,773	35.85%	13,909
2019/2020	13,673	54.39%	11,468
2020/2021	17,616	65.26%	9,376
2021/2022	15,943	57.87%	11,608
2022/2023	17,884	53.60%	15,482
2023/2024	19,515	54.90%	16,031
2024/2025	Not yet published	Not yet published	Not yet published

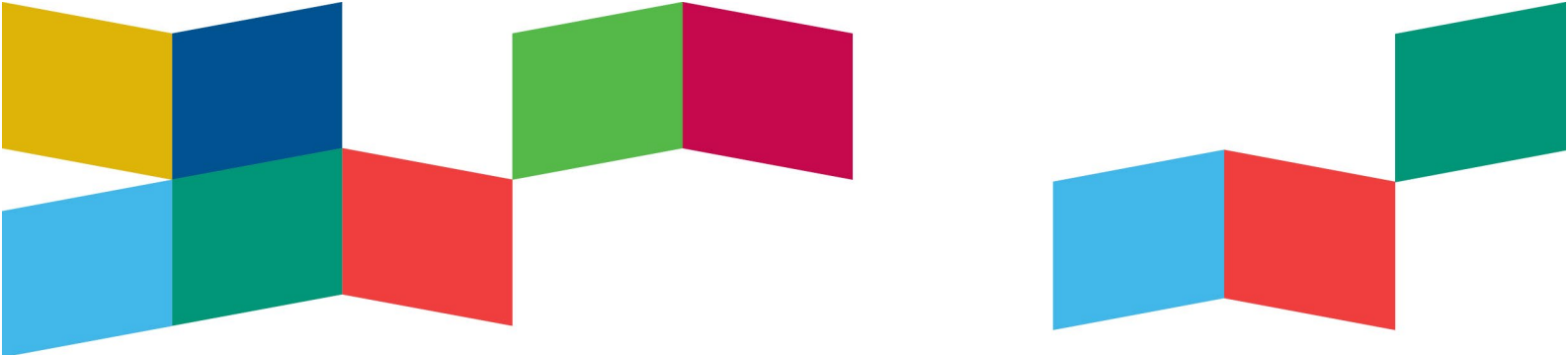
Figure A7.1(a) – Numbers and Percentages of Confirmed Breaches by NSW-based ECEC services compared to the rest of Australia⁵⁶

According to the Productivity Commission, since FY2019/2020, there has been an unbelievable increase in the number of breaches at apparently occurred at NSW-based early childhood education and care (ECEC) services. The Productivity Commission also reported that this meant:

- a 325.3% (up from 303%) probability of a breach per NSW ECEC service
- a 202.9% (up from 138%) probability per TAS early childhood education and care service
- a 187.9% (up from 107.5%) probability per NT early childhood education and care service
- a 174.6% (down from 183.3%) probability per QLD early childhood education and care service
- a 147.7% (up from 50.4%) probability per ACT early childhood education and care service
- a 146.4% (down from 183.1%) probability per WA early childhood education and care service
- a 118.4% (up from 107.2%) probability per VIC early childhood education and care service
- a 77.7% (down from 99.5%) probability per SA early childhood education and care service

⁵⁶ Annual [Report on Government Services](#), by the Productivity Commission





Year	Published Enforcements and Decision Actions	
	NSW	% of Breaches
2016/2017	2	0.05%
2017/2018	10	0.13%
2018/2019	0	0.00%
2019/2020	20	0.15%
2020/2021	36	0.20%
2021/2022	11	0.07%
2022/2023	2	0.01%
2023/2024	13	0.07%
2024/2025	6 (2024Q3)	Not yet published

SOURCE: NSW Department of Education's Published Enforcement and Decision Actions

Figure A7.1(b) – Published Enforcements and Decision Actions by the NSW Department of Education⁵⁷

After contrasting such volumes and percentages of breaches against the number of actual enforcements and decision actions (coupled by the declining number of ECEC services gravitating towards Meeting the National Quality Standards as referred to in Part A.6), there exists the unanswered question of whether the level of regulatory compliance and the recording of non-compliances have generated more workload without any correspondingly significant benefit for children. Moreover, such increases in workload contributes toward operational costs, fee increases to parents and ultimately higher attrition of early childhood educators and teachers.

It is not in the interest of the NSW Government for NSW-based ECEC services to continue generating the unbelievable numbers of breaches such that it is more than the rest of Australia's combined number of breaches.

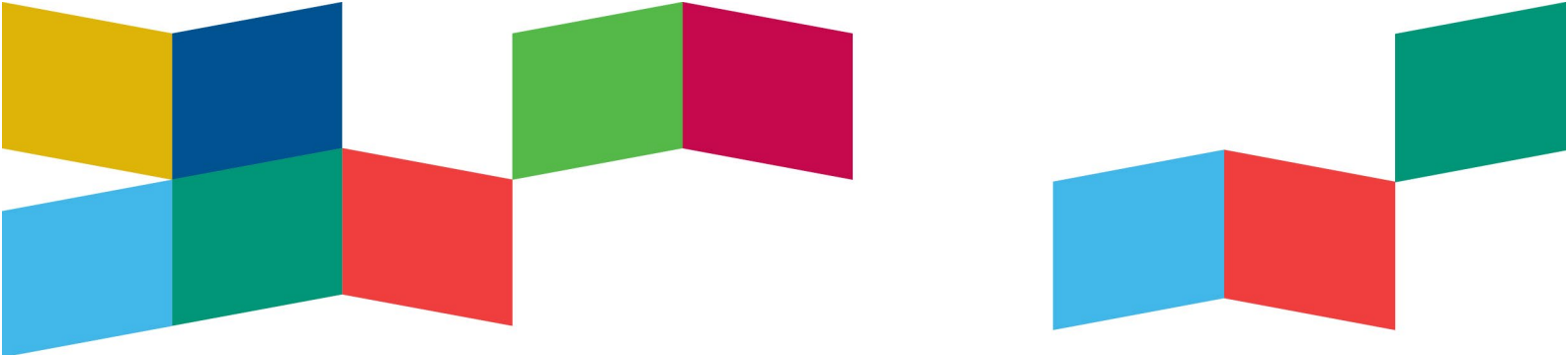
Instead, it is more likely that the NSW Government wants to ensure that:

- breaches by NSW-based ECEC services are confined to clearly defined and unambiguous requirements;
- NSW-based ECEC services avoid unnecessary workload originally associated with breaches to subjectively defined and/or non-measurable requirements; and
- it actively and consistently assists NSW-based ECEC services to become compliant with those clearly defined, unambiguous and measurable requirements.

Since January 2012, regulatory implementation and practices have been the responsibility of the NSW Department of Education. Hence, the saying "*If you always do what you've always done, you'll always get what you've always got*" may be very applicable.

⁵⁷ [Published Enforcements and Decision Actions](#), originally published by the NSW Department of Education





To achieve better outcomes, it may be worthwhile to trial alternative approaches to regulatory making and implementation (for example the Communications Alliance Ltd where the Federal Government regulators and telecommunications providers work together to produce regulatory and non-regulatory outcomes). And greater collaboration between the regulator and the sector can also generate greater mutual investment into agreed outcomes.

RECOMMENDATION A.7-01: ACHIEVING EFFICIENT REGULATORY IMPACT AND EFFECTIVE OPERATIONAL OUTCOMES

- That the NSW Government re-commission Chris Wheeler to continue reviewing the existing regulatory framework and the new independent NSW Early Learning Commission's practices and interactions with ECEC services such that efficient and effective workflows and measurable outcomes can be established, implemented and achieved.
- That the NSW Government expand its digital strategy such that regulatory compliance data can be received by the new independent NSW Early Learning Commission (as the NSW Regulatory Authority) through approved Application Programming Interfaces (APIs) with accredited third-party software that assists ECEC services to achieve regulatory compliance.

RECOMMENDATION A.7-02: SMALL SCALE TRIAL OF CO-REGULATORY APPROACH

- That the NSW Government consider emulating the co-regulatory model in the Communications Alliance Ltd⁵⁸ in developing agreed unambiguous standards, operational codes and practices to achieve effective and efficient regulatory objectives and measurable outcomes that are comprehensively supported by the NSW sector following proper consultation.

⁵⁸ [Communications Alliance Ltd](#), the telecommunications sector's co-regulatory entity (since 1997)



B.1 Ensuring our children are protected

The announcement⁵⁹ by the Australian Federal Police, the NSW Police and QLD Police alleging a former childcare worker was charged with 1,623 child sexual abuses against 91 children across the two states and overseas between 2007 and 2022.

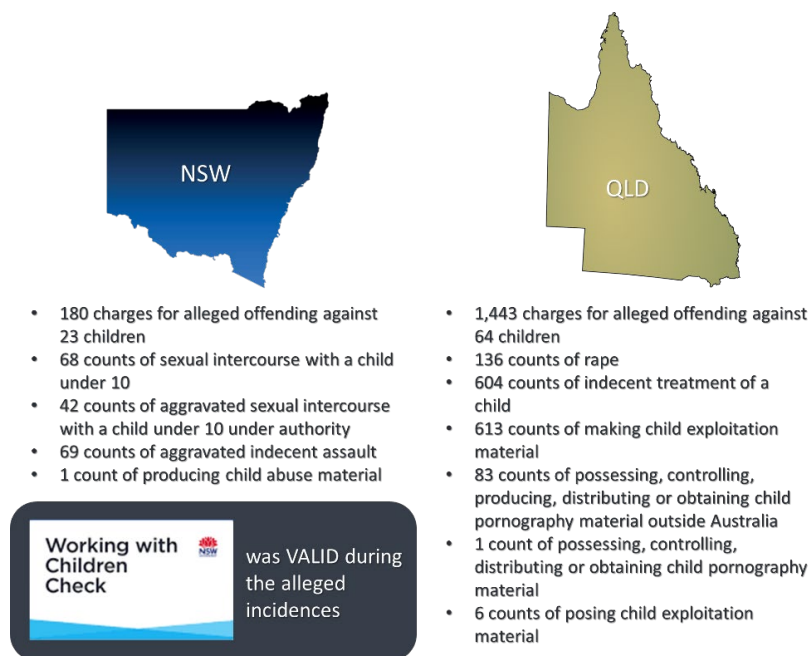


Figure B7.1(a) – SOURCE: The Australian Federal Police⁴⁹

Yet, as of September 2024, only 307 convictions⁶⁰ have been recorded against the perpetrator.

During those 13 months, ACECQA published its 16 recommendations following its *Review of Child Safety Arrangements*⁶¹, of interest are:

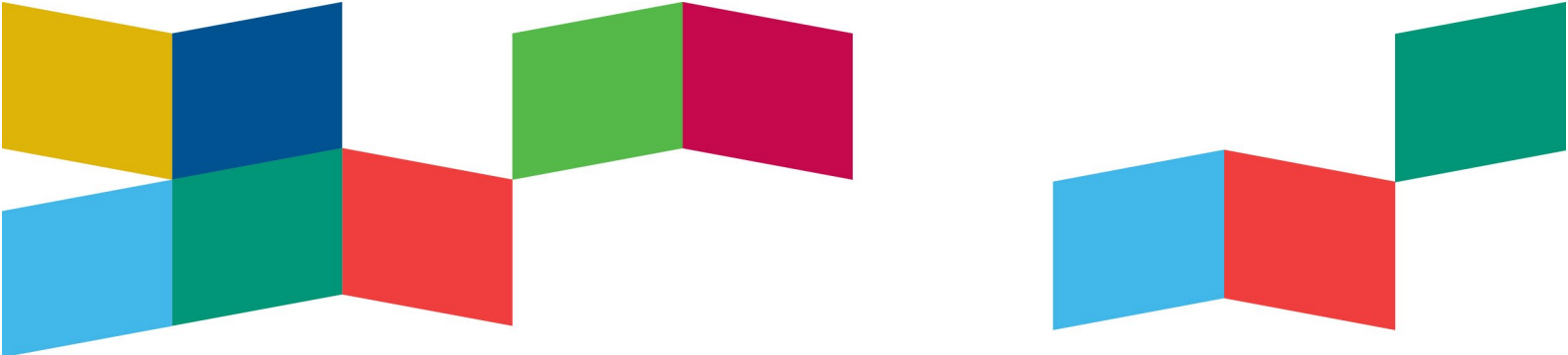
- the practice of smartphone devices with cameras by early childhood educators/teachers;
- the role of Closed-Circuit Television (CCTVs) or equivalents;
- the Working with Children Check's systems; and
- early childhood teachers' and educators' accreditation and registration systems across Australia.

⁵⁹ "Man charged with rape and sexual assaults at childcare centres", Australian Federal Police (1 August 2023)

⁶⁰ "One of Australia's worst paedophiles pleads guilty to 307 offences while working at childcare centres", The Guardian (2 September 2024)

⁶¹ "Review of Child Safety Arrangements under the National Quality Framework", by ACECQA (December 2023)





Given the said abuses occurred without apparent detection or consequences during the first 10 years of the National Quality Framework, the National Law and National Regulations, and the low number of convictions compared to the number of allegations when announced, there may be inherent systemic weaknesses that are yet to be identified, let alone addressed.

This is particularly of concern when considering no relevant Approved Providers or officials have been criminally charged for obstruction and/or negligence. Concerns also extend to a particular early childhood educator who may not have had sufficient whistleblower protections, but instead was charged with computer hacking and had lost her own employment.

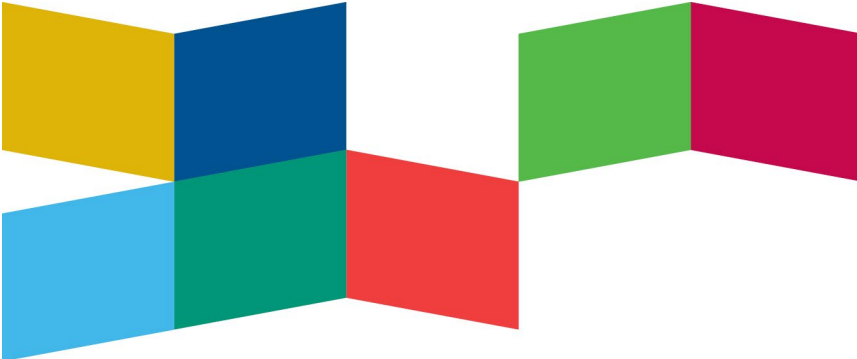
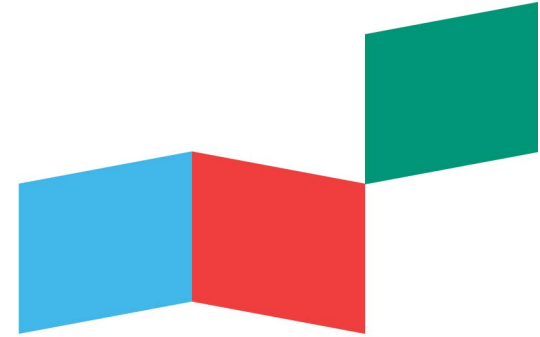
While there remains a relative opaqueness and lack of understanding of how the 1,623 child sexual abuses were possible, and why there has only been 307 convictions to date, NSW's early childhood education and care services are concerned that existing systemic weaknesses may remain even though there is since much greater vigilance.

There are also concerns that the process of submitting complaints about child safety incidences can be unnecessarily onerous to multiple agencies (ie the NSW Department of Education and the NSW Children's Guardian).

RECOMMENDATION B.1-01: ENSURING OUR CHILDREN ARE PROTECTED

- That the NSW Government urgently develop additional integrity and assurance mechanisms that would complement Working With Children Checks such that Approved Providers are assisted in identifying and removing potential risks to children in a timelier manner.
- That the NSW Government reviews and tests its existing whistleblower protections and child safety complaints channels to ensure all have universal confidence and effectiveness.
- That the NSW Government streamlines the process for complaints about child safety incidences through one primary channel.
- That the NSW Government expands its education campaign to ensure that all complaints about child safety incidences can also be received through other channels if the primary channel does not respond to the satisfaction of the complainant.
- That the NSW Government also reviews the existing legislative and regulatory framework that Approved Providers must comply with such that they do not bear negative consequences from their compliance and best efforts despite any child safety incidences occurring, unless legally proved to be criminally obstructive and/or negligent.
- That the NSW Government expands its primary training of Approved Providers and early childhood educators and teachers about child safety by learning about all profiles and behaviours of past and potential child predators for their active vigilance.



- 
- 
- That the NSW Department of Education capitalise on its seismically greater numbers of breaches/non-compliances in NSW (as outlined in Part A.7) to proactively identify potential risks of and weaknesses toward child safety.





B.2 Extending NSW EduChat for ECEC

During Term 1 of 2024, the NSW Department of Education began trialling its own generative artificial intelligence tool, NSW EduChat⁶², in 16 schools and expanding to more than 50 schools in subsequent school terms.

Its key safeguards include:

- its use of best-practice privacy and data-sharing methods to minimise the risk of data breaches;
- the content is restricted, monitored, and filtered to ensure compliance with Department standards; and
- content that are aligned with the Department's policies and resources.

Based on public reports⁶³, the NSW EduChat appears to be assisting school teachers with their documentation, risk management and possibly regulatory compliance. NSW EduChat assists school teachers to alleviate their workloads wherever possible, thus maximising school teachers' effectiveness with students.

Fortuitously, ACA NSW had already received regulatory clarification⁶⁴ from the NSW Department of Education, providing guidance on how artificial intelligence should be used in early childhood education and care (ECEC).

And given the seismically large numbers of confirmed breaches (as outlined in Part A.7) with an extremely low number of enforcements and decision actions by the NSW Department of Education, leveraging NSW EduChat for ECEC may greatly assist both NSW-based ECEC services with the expectations from the NSW Department of Education to achieve regulatory compliance and outcomes, particularly in the production of documentations, a reduction in the number of apparent breaches/non-compliances, and also a reduction on workload for ECEC educators and teachers.

RECOMMENDATION B.2-01: EXTENDING NSWEDUCHAT TO ECEC

- That the NSW Government commissions appropriate resources in order to extend NSW EduChat to be trialled with all settings and sizes of ECEC services so as to achieve positive regulatory compliance and outcomes.

⁶² [NSW EduChat](#), the NSW Department of Education's generative artificial intelligence tool

⁶³ ["AI chat tool to be rolled out across NSW public schools to ease pressure on teachers"](#), The Guardian (16 September 2024)

⁶⁴ ["Regulatory clarification on the use of artificial intelligence in early learning"](#), published by ACA NSW (27 March 2024)

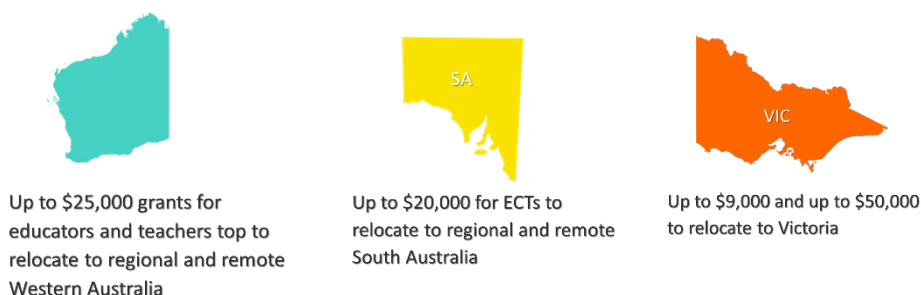


B.3 Sustainable Supply of Skilled Labour

As outlined in Part A.5, the national authority for early childhood education and care (the Australian Children's Education and Quality Authority (ACECQA)) had confirmed our sector's severe labour shortage prior to the COVID pandemic. It was then estimated that 39,000⁶⁵ more early childhood educators and teachers were needed by December 2023. Such severe labour shortages have continued to persist as the following observations suggest:

- the Australian Competition & Consumer Commission (ACCC)'s Childcare Inquiry Interim Report (September 2023)⁶⁶ stated, "*Current educator shortages are having a material impact on the supply and cost of childcare*";
- the Jobs and Skills Australia's The Future of the Early Childhood Education Profession Report stated, "*More than 20,000 extra early childhood educators urgently needed in Australia to keep up with current demands*"⁶⁷; and
- ACECQA's Shaping Our Future (2022-2031)⁶⁸ stated: "*In the context of declining enrolments in approved educator and teacher qualifications, increasing demand for early childhood teachers and a growing shortage of primary school teachers, the children's education and care sector continues to face significant and increasingly urgent workforce challenges*".

Interstate competition for qualified early childhood education and care have also emerged:



And when considering the cost-of-living challenges, the Victorian⁶⁹, the South Australian⁷⁰ and Western Australian⁷¹ incentives have become attractive to many early childhood educators and teachers at arguably the expense of NSW and other jurisdictions.

⁶⁵ [Workforce Report](#), ACECQA (November 2019)

⁶⁶ [Childcare Inquiry Interim Report](#), ACCC (September 2023)

⁶⁷ [The Future of the Early Childhood Education Profession Report](#), by Jobs and Skills Australia (September 2024)

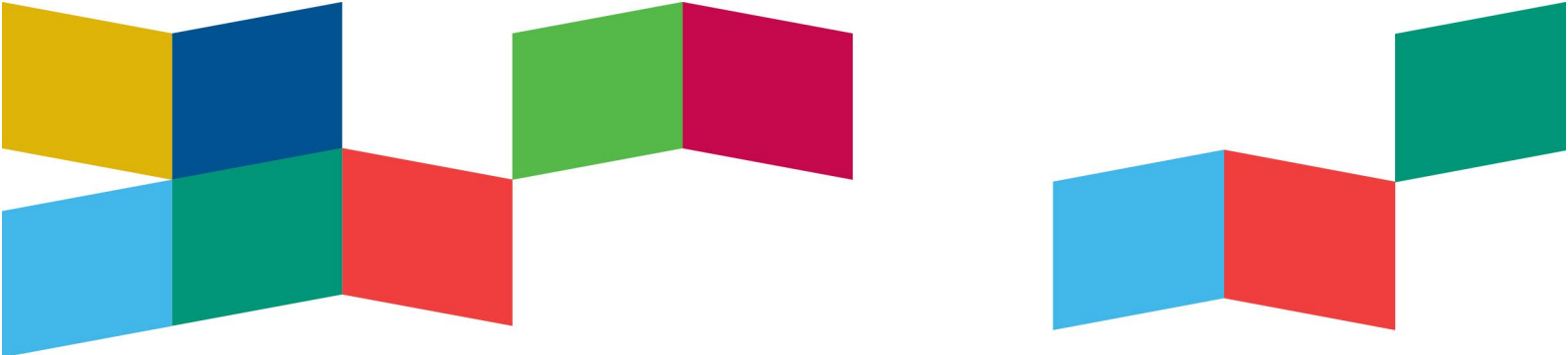
⁶⁸ [Shaping Our Future \(2022-2031\)](#), ACECQA (September 2021)

⁶⁹ [Relocation to teach in Regional Victoria](#) (September 2024)

⁷⁰ "[South Australia offers \\$20,000 incentives to ECTs to take up regional positions](#)", The Sector (22 January 2022)

⁷¹ [Grants to attract childcare educators to regional WA](#), WA Government (22 January 2024)





In the NSW Budget 2023 of the incumbent NSW Government, it was announced that:

- there would be \$22m over 5 years to recruit and retain essential early childhood workers; and
- an allocation of a \$20m boost to the Innovative Teacher Training Fund to attract the best teachers.

However, in the NSW Budget 2022 (before the NSW State Election), there was a \$281.6m allocation⁷² over four years, with a forecast expenditure of \$53.1m in FY2022/2023 *“to ensure quality, retention and supply of early childhood educators to address serious shortages and build for future demand”*.

In the NSW Budgets 2024 and 2025, although there were scholarships and expansions in Start Strong funding to assist NSW early childhood educators and teachers. But there does not appear to be definitive evidence that NSW’s labour shortages are positively addressed.

RECOMMENDATION B.3-01: INCREASING AND EXPANDING FUNDING TO RECRUIT AND RETAIN EARLY CHILDHOOD EDUCATORS AND TEACHERS FOR NSW ECEC SERVICES

- That the NSW Government allocate appropriate annual funding that are available for at least 4 years to assist NSW ECEC services to recruit and retain early childhood educators and teachers.
- That the NSW Government introduces competitively attractive financial incentives to assist early childhood educators and teachers to relocate from other jurisdictions to NSW.
- That the NSW Government publishes annual forecasts on the number of trainees and qualified early childhood educators and teachers per year and over the next four years, as well as the number of trainees and qualified early childhood educators and teachers successfully recruited by NSW ECEC services each year.

Given the rigidity of early childhood educator:children and teacher:children ratios as imposed by Regulation 123⁷³ and Regulation 272⁷⁴ respectively on the basis of suitable qualifications, there are also those long-term educators who have the experience but not necessarily the higher qualifications.

Recognition of Prior Learning (RPL) processes do exist. However, the creation and/or assembly of documentation appears to be too onerous to make RPL as an efficient channel for achieving (higher) qualified early childhood educators and teachers.

⁷² [NSW Budget Paper No 2](#), NSW Budget 2022 (June 2022)

⁷³ [Educator to child ratios – centre-based services](#), National Regulations

⁷⁴ [Early childhood teachers – children preschool age or under](#), National Regulations





RECOMMENDATION B.3-02: STREAMLINING APPROPRIATE RECOGNITION OF PRIOR LEARNING

- That the NSW Government engages with the Jobs and Skills Council and existing training organisations (including TAFE and appropriate Registered Training Organisations (RTOs) to streamline the necessary set, creation and/or assembly of documentation needed in order to achieve the greatest efficiency possible in the Recognition of Prior Learning process.
- That the NSW Government emulate the NSW Department of Education's online portal⁷⁵ listing of all training providers and their courses so that the new portal shows all the training organisations that offer Recognition of Prior Learning, as well as appropriate indices for each training organisation showing its efficiency, and student and employer satisfaction.

And with significant NSW Government funding to subsidise training⁷⁶, and with the seismically increasing numbers of confirmed breaches by NSW-based ECEC services (as outlined in Part A.7), there arises questions of training effectiveness and harmony with the compliance requirements of NSW Department of Education (as the NSW Regulatory Authority for all ECEC services).

RECOMMENDATION B.3-03: EFFECTIVE VS NON-EFFECTIVE-ENOUGH TRAINING PROVIDERS

- That the NSW Government provide funding to Skills NSW to update its online portal⁷⁷ listing of all training providers and their courses such that search results are prioritised by Job Readiness of students.
- That Skills NSW also expand its online portal⁶⁷ so as to enable the NSW Department of Education to identify the disconnections between training and their requirements for regulatory compliance.

Most schools already have career advisers⁷⁸. However, it is unclear as to the effectiveness of their and training providers' collaborations. While observing fairness and transparency, there would be benefits from training providers and career advisers to optimally collaborate so as to maximise assistance and benefits for career advisers of the benefits of vocational training, including early childhood.

⁷⁵ [Course providers listings](#), by Skills NSW

⁷⁶ [Smart and Skilled](#), NSW Department of Education

⁷⁷ [Course providers listings](#), by Skills NSW

⁷⁸ [Career Advisers](#), by NSW Department of Education





RECOMMENDATION B.3-04: COLLABORATING WITH SCHOOLS' CAREER ADVISERS

- That the NSW Government consider suitable initiatives that enable schools' career advisers to collaborate with all training providers so that full career opportunities are offered to future school graduates and school leavers.
- That the NSW Government review, introduce and/or facilitate the automated and information tools available to career advisers that help them assist future school graduates and school leavers to consider all possible career opportunities.





B.4 Fit-for-Purpose Legal Requirements

This NSW Budget 2025 submission should provide an insight as to how (un)fit-for-purpose the NSW implementation can be of the National Quality Framework, the National Law and National Regulations, especially after 13 years.

The NSW Productivity Commission published his report⁷⁹ declaring that “... *the cost of NSW maintaining requirements above the national standards equates to around \$3,000 a year for each child attending ECEC.*”

By way of one example, teachers accredited by the NSW Education Standards Authority (NESA)⁸⁰ tend to have a vocational expectation that teaching generally would be between the hours of 9 am and 3 pm on weekdays.

However, degree-qualified early childhood teachers are also accredited by NESA before they can teach in centre-based early childhood education and care services and satisfy Regulation 272⁸¹.

Since 13 December 2011, NSW-based long daycare services must comply with Regulation 272, whether it is for 2, 3 or 4 degree qualified early childhood teachers required for 30 to 80 or more preschool children, Regulation 272(2)-(5) states:

*“...early childhood teacher(s) must be in attendance **at all times** that a centre-based service is educating and caring for ...xx to xx children preschool age or under”⁷².*

NSW-based long daycare services typically operate 10.5 hours from 7.30 am to 6.00 pm or 11.5 hours from 6.30 am to 6.00 pm every weekday. This makes the recruitment, rostering and retention of such or more early childhood teachers challenging to near impossible. (NOTE: For every full-time degree qualified early childhood teacher, another or more degree qualified early childhood teacher(s) must be employed to cover the service’s complete hours of operation as well as cater for breaks as required by industrial law.)

It must also be noted that there are currently up to 70 NSW long daycare services that operate outside of those typical hours (including 24 hours), and up to another 57 NSW long daycare services that operate on weekends. All of these would also be obliged to comply with Regulation 272 for their ECTs to work during such hours well outside 9 am to 3 pm.

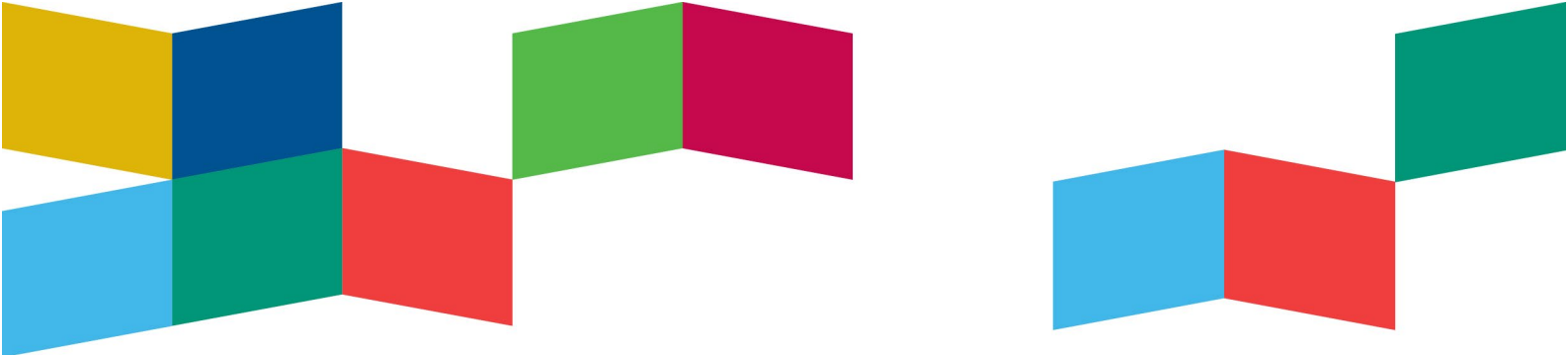
This creates a structural disincentive for degree qualified early childhood teachers to work in long daycare services. There is also the question about whether such long hours (beyond typically 9 am and 3 pm) is the most effective use of degree trained teachers for children from birth to 5 years old.

⁷⁹ [Evaluation of NSW-specific early childcare regulations](#), published by the NSW Productivity Commission (7 December 2022)

⁸⁰ [Teacher Accreditation Scheme](#), NSW Education Standards Authority

⁸¹ [Early childhood teachers – children preschool age or under](#), Regulation 272





Hence, there exists a real challenge for NSW's long daycare ECEC services to comply with Regulation 272(2)-(5) to have the legally required number of ECTs at all times for:

- up to 52.5 hours per week (for services open from 7.30 am to 6.00 pm); or
- up to 57.5 hours per week (for services open from 6.30 am to 6.00 pm); or
- up to 168 hours per week (for services open 24 hours per day and 7 days per week).

Moreover, given the worsening labour shortages (as outlined in Part B.3) and the current unreliability of supply of undergraduates and graduates with early childhood teaching qualifications, recruiting such early childhood teachers has been, and in the foreseeable future will be, fraught with difficulty.

The experienced consequences of the lack of early childhood teachers is the reduction of the number of places offered to children and their families. And such is already being demonstrated by up to 71.9%⁸² of services in NSW (which is higher than the national average of 66%).

Please note that all other Australian states' requirements have a vastly different requirements for their degree-qualified early childhood teachers, as shown in their Regulations 132-134⁸³.

RECOMMENDATION B.4-01: RESTORING THE VOCATION OF NSW'S EARLY CHILDHOOD TEACHERS

- That the NSW Government reviews and revises Regulation 272 so that it better aligns with their vocational expectations of teaching, while taking comfort that the number of educators and teachers required through Regulation 123 and Regulation 272 will remain unchanged.
- That the NSW Government also invest in achieving far superior results in children's outcomes as well as Quality Ratings from NSW's early childhood teachers (ECTs) compared to those in all other states given that NSW requires up to 4 ECTs whereas all other states require up to 1.6 ECTs.

Another example is the level of English proficiency required of ECTs for children from birth to 5 years old.

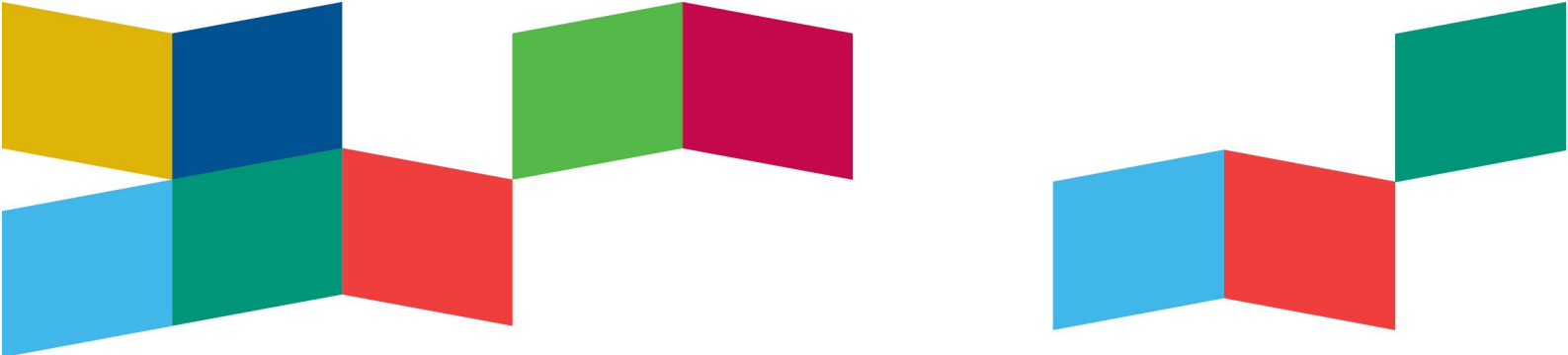
All degree-qualified early childhood teachers (ECTs) must be accredited by NESA⁸⁴ before they can work in NSW ECEC services. But in the context of early childhood education and care for children from birth to 5 years old, the same

⁸² [Survey results of NSW-based long daycare services reducing places for children due to labour shortages](#), ACA (14 June 2023)

⁸³ [Requirement for early childhood teacher – centre-based services – 25-59, 60-80, more than 80 children](#), National Regulations

⁸⁴ [Teacher Accreditation](#), NSW Educational Standards Authority





accreditation requires a disproportionately high English proficiency requirement⁸⁵ for internationally trained ECTs unless they are from deemed English-speaking countries (ie the United Kingdom, Ireland, USA, Canada and New Zealand).

These English proficiency requirements for internationally trained ECTs to teach children from birth to 5 years old are so high that the required International English Language Testing System (IELTS)'s own Test Statistics⁸⁶ show that only up to 24.9% of native English speakers can achieve such results.

Under NSW's *Government Information (Public Access) Act* obligations, ACA NSW received formal confirmation⁸⁷ that the NSW Department of Education does not have any documents (over the last 17 years since 2008) showing the benefits for children as a result of Regulation 272's requiring degree-qualified early childhood teachers (ECTs) "... at all times ...".

It should be noted that ACECQA lowered its requirements⁸⁸ for overseas early childhood educators to IELTS general level of scores of fives (5) (ie not academic level of scores of sevens (7) and eights (8)).

On 15 December 2023, the Australian Institute for Teaching and School Leadership (AITSL) responded⁸⁹ that "*Under the National Teacher Workforce Action Plan, AITSL has been commissioned to provide advice to Ministers under Action 5 – Prioritise conditional or provisional registration to increase the supply of teachers ...*".

Hence, while the severe labour shortages continue, should the calibration of English proficiency be set so high as to be able to teach Shakespeare or Chaucer to children from birth to 5 years old?

RECOMMENDATION B.4-02: A REASONABLE ENGLISH PROFICIENCY REQUIREMENT

- That the NSW Government, through NESA, recalibrate the English proficiency requirement for ECTs to be appropriate for children from birth to 5 years old.
- Alternatively, that the NSW Government produce evidence of superior English outcomes of children from birth to 5 years old as well as structurally superior NAPLAN literary results at Year 3 as a direct consequence of retaining the current English proficiency requirements for ECTs (especially when NSW requires up to 4 ECTs compared to other Australian states requiring up to 1.6 ECTs).

⁸⁵ [Internationally trained teachers](#), NSW Government

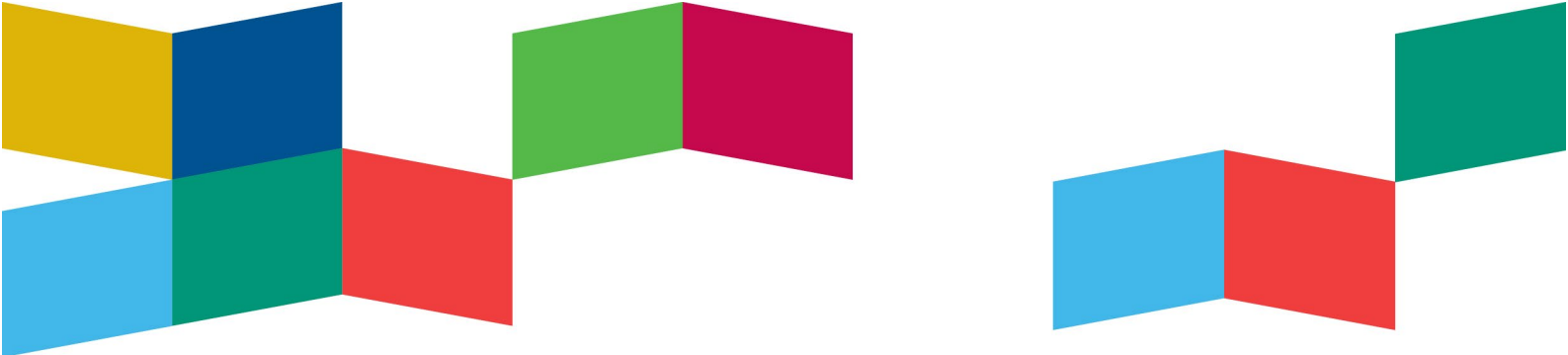
⁸⁶ [Test Statistics](#), International English Language Testing System

⁸⁷ [Notice of Decision](#) (dated 5 May 2025) from the NSW Department of Education to ACA NSW's GIPA Request for information

⁸⁸ [English language proficiency for Individual Applicants](#), ACECQA (November 2024)

⁸⁹ [Letter from AITSL to ACA NSW on English proficiency requirement for early childhood teachers](#) (15 December 2023)





Due to the National Law and National Regulations implemented by the NSW Parliament have largely been unchanged since January 2012, using the above as two examples, it may be opportune for the NSW Government to have an independent expert body that can assist Ministers and their Departments with their legislative and regulatory developments.

RECOMMENDATION B.4-03: ACHIEVING REGULATORY EFFECTIVENESS & EFFICIENCIES

- That the NSW Government establishes an independent expert body that can assist NSW Ministers, the NSW Legislative Review Committee and the NSW Regulation Committee to revise existing legislation and regulations in order to achieve regulatory efficiencies and effective outcomes.
- That this expert body consult government and non-government stakeholders whenever existing legislation and regulations are demonstrated to no longer be fit-for-purpose.
- That this expert body provide assistance to Ministers when their Departments are developing new legislation, new regulations as well as regulatory impact statements.





C.1 Planning for ECEC

The *NSW State Environmental Planning Policy (Educational Establishments and Child Care Facilities) 2017*⁹⁰ was superseded by the current *NSW State Environmental Planning Policy (Transport and Infrastructure) 2021*⁹¹ (the SEPP).

The SEPP effectively overrides all NSW local governments' Local Environmental Plans (LEPs) and Development Control Plans (DCPs) in relation to development applications for early childhood education and care services.

In 2020, the NSW Department of Planning published a recommendation⁹² to introduce a minimum separation between the proposed and existing childcare centres in Low Density Residential zone (R2) of 200 metres. This recommendation was a recognition that there was an absence of planning, at least for the purposes of addressing the impact of traffic.

Unfortunately, the then NSW Minister for Planning did not accept that particular recommendation.

As shown in Part A.3, the absence of planning effectively perpetuates a problem confirmed by the ACCC⁹³ that oversupply of ECEC services tends to increase the average fees to parents by up to 40% or more.

The NSW Independent Planning and Regulatory Tribunal (IPART) Report⁹⁴ to the NSW Treasurer and the NSW Minister for Education and Early Learning showed an alternative approach to prioritisation of new ECEC services to address undersupply.

Given the negative effects of oversupply to parents in terms of fee increases, the NSW Government should introduce a planning system that balances the needs of parents in terms of achieving sufficient supply of ECEC services, and the avoidance of negative impact on fee increases.

RECOMMENDATION C.1-01: A PLANNING SYSTEM FOR ECEC SERVICES

- That the NSW Government should introduce a harmonised and effective planning system for new ECEC services that support and not negatively impact existing effective services.

⁹⁰ [NSW State Environmental Planning Policy \(Educational Establishments and Child Care Facilities\) 2017](#) (Repealed in 2021)

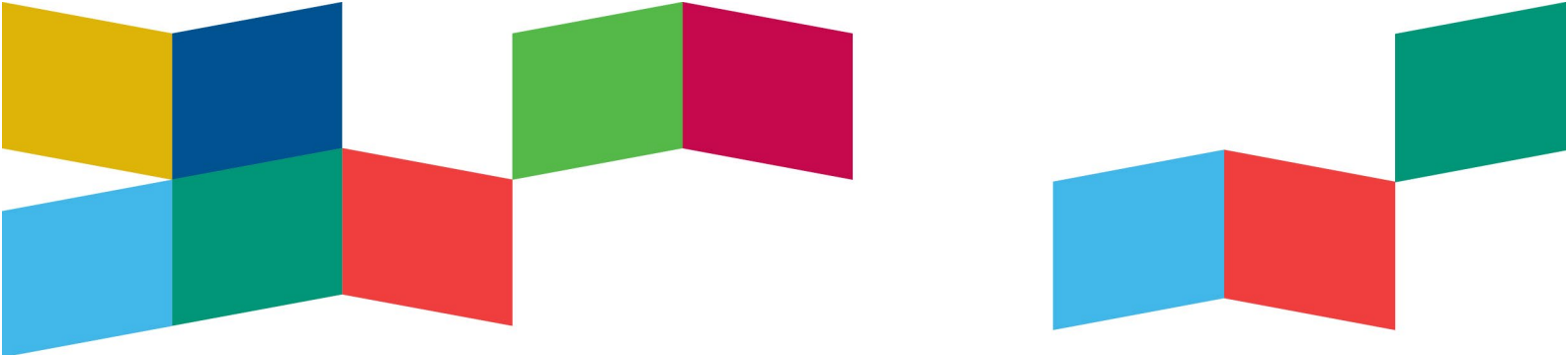
⁹¹ [NSW State Environmental Planning Policy \(Transport and Infrastructure\) 2021](#) (effective December 2021)

⁹² [Review of State Environmental Planning Policy \(Educational Establishments and Child Care Facilities\) 2017 – Explanation of Intended Effects](#), NSW Department of Planning (November 2020)

⁹³ [Childcare Inquiry Interim Report](#), ACCC (June 2023)

⁹⁴ [Independent Market Monitoring Review, Report to the Minister](#), NSW IPART (December 2023)



- 
- That the NSW Government’s State Environmental Planning Policy (Transport and Infrastructure) 2021 be updated so that it is integrated with such a harmonised and effective planning system.

Liveability indices⁹⁵ already exist. However, residents, let alone young families, tend not to be familiar with them or use them.

However, official liveability indices can encourage local governments to ensure that they have sufficient social infrastructure (including ECEC services) for their residents. In turn, using such indices can also facilitate new ECEC services to be created because those local government have properly identified such needs.

RECOMMENDATION C.1-02: INTRODUCING A LIVEABILITY INDEX ON ECEC FOR YOUNG FAMILIES

- That the NSW Government engage with local governments and the ECEC sector to develop and publish an appropriate ECEC-specific Liveability Index.

⁹⁵ [Urban Liveability Index](#), Australian Urban Observatory





C.2 Digital Strategy for ECEC

In May 2024, Victoria's largest early childhood education and care (ECEC) provider was the victim of a targeted cyberattack⁹⁶, with thousands of children and families affected.

As cyberattacks are ever-increasing, such risks to ECEC services are magnified because of the significantly higher amounts of personal documents of millions of children and their parents. Such volumes of records can be at much higher risk to cyberattacks due to legal requirements⁹⁷ for a range of documents to be recorded, made available upon regulatory request, and kept until each child is aged 25 years old.

Furthermore, in accordance with the findings of the Royal Commission into Institutional Responses to Child Sexual Abuse, ECEC services are now being asked to hold relevant records for at least 45 years (even though this is not a legal requirement⁹⁸).

ECEC services tend not to be experts in information technology, let alone information security. And these regulatory obligations not only contribute to operational costs that directly impact on fees to parents, possibly ineffective expenditure due to an absence of consistent and robust set of data protection standards can lead to unnecessary exposure to successful cyberattacks and their consequences.

Faced with technology advancements that ECEC services cannot keep pace with, ECEC services should not be required to be the primary (if not sole) custodian of children's and parents' personal information. Instead, the NSW Government should urgently instigate (with or without other Australian governments) the assembly and implementation of appropriate and unified tools and standards so that as little-to-no personal information are kept with ECEC services, educators and teachers.

The NSW Government should consider collaborating with the Federal Government's initiative to create and interface with digital trust exchange platforms⁹⁹ and work with the ECEC sector to produce information solutions to achieve the regulatory outcomes while protecting the personal information of children and their parents.

⁹⁶ [Victoria's largest childcare provider targeted in cyber attack](#), 9 News (30 May 2024)

⁹⁷ Legal requirements for storing documents – [Section 175](#), [Regulation 177](#) and [Regulation 183](#)

⁹⁸ [Records do not need to be kept for at least 45 years](#), clarified by the Federal Minister for Early Learning (September 2024)

⁹⁹ [Trust Exchange \(TEx\) drives secure digital services](#), Federal Government (August 2024)





RECOMMENDATION C.2-01: IMPLEMENTING A TRUSTED EXCHANGE FRAMEWORK FOR ECEC

- That the NSW Government should examine and implement a trusted exchange framework¹⁰⁰ with other governments for the protection of children's and parents' information used by ECEC services.

The NSW Government should also introduce a digital strategy that complements the distribution of funding for efficient reconciliation and easier administration for both the government as well as the recipient of such public funds.

Most ECEC services (and other ECEC services who rely on third party accounting services) already use modern software (for example MYOB or Xero) which have application programming interface (API) capability to connect with other digital systems.

Hence, in the 21st century, when implementing the distribution of Start Strong¹⁰¹ funding to NSW long daycare services and preschools, approved APIs can ensure that:

- ECEC services will correctly apply the funding to the correct children and avoid any duplications;
- ECEC services can rely on their software to automatically produce the correct reports for reconciliation;
- the such funding will be fair and avoid double/multiple-dipping by some parents; and
- the NSW Department of Education can minimise/avoid administrative costs.

RECOMMENDATION C.2-03: USING TECHNOLOGY TO ENSURE PROPER DISTRIBUTION OF START STRONG FUNDING AS WELL AS BENEFIT ECEC SERVICES AND THE NSW DEPARTMENT OF EDUCATION

- That the NSW Government should provide additional resources and require the NSW Department of Education to create complementary APIs to interface with ECEC services' existing software and the anticipated Digital Hub¹⁰² equivalent for community preschools for the purpose of ensuring proper distribution of Start Strong funding and the reduction of operational and administrative burden.

¹⁰⁰ [Trust Exchange \(TEEx\) drives secure digital services](#), Federal Government (August 2024)

¹⁰¹ [Start Strong Funding](#), NSW Department of Education

¹⁰² [The Digital Hub](#) (for community preschools), NSW Department of Education ()





C.3 Fairer & Lower Payroll Taxes for ECEC

For FY2024/2025, the NSW Government¹⁰³ impose a 5.45% payroll tax on all businesses whenever their payroll exceeds \$1,200,000 for that financial year. Ironically, such a cost is equivalent to at least one early childhood educator.

Conservatively, there are at least 17% of the entire ECEC sector in NSW that are currently paying NSW Payroll Taxes. This should be contrasted against at least 13% of the entire ECEC sector that are guaranteed never to pay NSW Payroll Taxes because they are deemed not-for-profit.

And despite the difference in tax treatment on these two particular groups of ECEC services, fees to parents of such ECEC services tend to be similar.

It should also be noted that ECEC services, as educational institutions, do not have to attract GST nor NSW Land Taxes.

Since the introduction of the Commonwealth's \$3.6 billion Worker Retention Payments¹⁰⁴ to increase the remuneration of early childhood educators and teachers by up to 15% from 2 December 2024 for two years, such funding has also included on-costs (for example payroll taxes). Hence, the NSW Government is now receiving additional NSW Payroll Taxes due to the Worker Retention Payments.

RECOMMENDATION C.3-01: FAIRER AND LOWER NSW PAYROLL TAXES FOR ECEC

- That the NSW Government introduce full rebates of commensurate NSW Payroll Taxes that are directly related to the effect of the Commonwealth Government's Worker Retention Payments.
- That the NSW Government also introduce grants to ECEC services who pay NSW Payroll Taxes so as to achieve greater fee affordability for parents as well as fairness when competing with ECEC services who do not pay NSW Payroll Taxes.
- That the NSW Government also introduce discounted NSW Payroll Taxes for regional ECEC services (similar to Victoria¹⁰⁵) so as to achieve greater fee affordability for parents and provide incentives for such social infrastructure investment in regional and rural NSW.

¹⁰³ [NSW Payroll Tax](#) Thresholds and Rates

¹⁰⁴ [Worker Retention Payments](#), Federal Department of Education (December 2024)

¹⁰⁵ [Payroll tax and regional employers](#), Victorian State Revenue Office (November 2024)





Glossary

- **ACA** means Australian Childcare Alliance
- **ACCC** means Australian Competition and Consumer Commission
- **ACECQA** means the Australian Children’s Education and Care Quality Authority
- **ADG** means Apartment Design Guide
- **AEDC** means Australian Early Development Census
- **AERO** means Australian Education Research Organisation
- **AITSL** means the Australian Institute for Teaching and School Leadership
- **API** means Application Programming Interface
- **A&R** means Assessment and Ratings
- **CCS** means Child Care Subsidy
- **DCP** means Development Control Plan
- **ECEC** means early childhood education and care
- **ECT** means early childhood teacher
- **GST** means Goods and Services Tax
- **HSC** means Higher School Certificate
- **IELTS** means International English Language Testing System
- **IPART** means Independent Pricing and Regulatory Tribunal
- **LEP** means Local Environmental Plan
- **NAPLAN** means National Assessment Program – Literacy and Numeracy
- **NESA** means NSW Education Standards Authority
- **NQF** means National Quality Framework
- **NQS** means National Quality Standards
- **PISA** means Program for International Student Assessment
- **RPL** means Recognition of Prior Learning
- **RTO** means Registered Training Organisations
- **SEPP** means State Environmental Planning Policy
- **TAFE** means Technical and Further Education
- **WWCC** means Working With Children Checks





E-mail: nsw@childcarealliance.org.au

Website: www.nsw.childcarealliance.org.au

Telephone: 1300 556 330

Facebook: www.facebook.com/ChildCareNSW

Instagram: www.instagram.com/acansw

TikTok: www.tiktok.com/@acansw1

X: www.x.com/ChildCareNSW

LinkedIn: www.linkedin.com/company/child-care-new-south-wales