

IPART

Early childhood education and care affordability, accessibility and consumer choice.

Big Fat Smile response to the Interim Report of the review of early childhood education and care. November 2023.



We enrich the lives and minds of our children and families in their communities.

About Big Fat Smile

Big Fat Smile has both humble beginnings and solid foundations. Established in 1981 as the Illawarra Children's Services Action Group, we sought to bring positive, lasting change to the Illawarra region through active campaigning for the rights of families to affordable early education and care.

Big Fat Smile is a not-for-profit, sector-leading provider of child education, care, recreation, cultural and inclusion services in New South Wales and the Australian Capital Territory.

Fast forward 42-years, and we have grown into one of the largest and most respected providers of early education and inclusion services in our region. We exist for children and families, working to provide access to the highest quality early education and care in Australia. In fact, quality is central to everything we do.

Big Fat Smile is an entity within Goodstart Early Learning, having merged with Goodstart Early Learning in 2020.

Summary

Big Fat Smile welcomes the NSW Government's Independent Pricing and Regulatory Tribunal review of early childhood education and care, to understand affordability, accessibility, and consumer choice, and make recommendations where necessary to improve experience for children and families in NSW.

In broad terms, we support the direction of the Interim Report, with suggestions to make some recommendations more specific to address the issues the IPART has identified.

All Australian Governments need to work together to develop an integrated funding approach to ECEC, and clarify the objectives for the system including quality, inclusion, access and affordability. There is a clear case for the activity test for the Child Care Subsidy (CCS) to be abolished and for a child-based entitlement to be established for all children.

We also note there needs to be a comprehensive ECEC workforce strategy at both a national and state level that delivers enough educators to deliver the services that are needed, and to deliver those services at high quality.

And we agree that the ECEC market would work better if parents were armed with better information about the price, quality and availability of ECEC places. Any digital strategy to deliver improved information for parents needs to involve both levels of Government working

Big Fat Smile Head Office
ABN: 82 002 796 232

1,276 Keira Street,
(PO Box 957)
Wollongong, 2500

e) info@bigfatmile.com.au
ph) 02 4283 9900
fx) 02 4283 9901

together, and be developed in close consultation with providers and users (i.e. families) so it is practical, deliverable and useful. This may look somewhat different from the proposals that IPART has suggested.

Big Fat Smile commends IPART on the report it has produced and offers the suggestions in this submission as improvements to the report to consolidate the very important findings on the evidence that IPART has made. This response has focused on the four (4) key overarching findings and ties the responses across some of the thirty-eight (38) recommendations.

Big Fat Smile acknowledges and supports the additional information contained in Goodstart Early Learning response to the Interim Report.

We are happy to provide any further information or clarification that IPART may need in considering the matters raised in this submission.

For further information contained in this Report please contact:

Kim Bertino, CEO
[REDACTED]



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BIG FAT SMILE RESPONSE TO DRAFT RECOMMENDATIONS

Overarching draft findings

- 1. The funding system for early childhood education and care services is complex, fragmented, potentially inefficient, and can lead to perverse outcomes.**

We found that the funding system for early childhood education and care services affects affordability, accessibility and supply in numerous ways. Funding comes from the Commonwealth and state and territory governments through subsidies and families through fees. It is a mix of demand-driven subsidies to families, and special-purpose programs with different but overlapping objectives, eligibility and administration.

Big Fat Smile Response: Agree

We note that the Australian Government is the majority funder of ECEC through the Child Care Subsidy and Preschool Reform Agreement. State funding adds to complexity with different funding streams for preschools compared with long day care services. Families end up with different out of pocket outcomes depending on the setting that they attend.

The funding streams also result in different workforce outcomes, with preschools historically offering better pay and more non-term leave and non-contact time for teachers. An integrated funding system offer similar outcomes for families and similar wages and conditions for educators and teachers regardless of setting. Families could then choose the service that suits their child and family's needs, rather than choosing a service based on cost.

- 2. Workforce availability and expertise are critical to the supply and accessibility of quality early childhood education and care services and constitute a significant problem currently facing the sector.**

We found that workforce availability and expertise are critical to the supply and accessibility of quality early childhood education and care services. We heard from stakeholders that the sector is facing persistent and pressing issues with the attraction and retention of educators, and, in particular, early childhood teachers (tertiary degree-qualified staff). Workforce shortages are having a significant impact on the supply of services, and workforce turnover and burnout have a negative impact on quality of education and care.

Big Fat Smile Response: Agree

Big Fat Smile particularly welcomes the emphasis in this recommendation on the importance of enabling educators to deliver high quality services. That starts with ensuring that NSW's qualifications requirements for educators are not reduced, and higher staffing ratios for 3-5 children are not reduced. It also means ensuring that NSW does more to invest in the ongoing professional development, support and growth of the ECEC workforce, as this has been demonstrated to materially improve child outcomes over time.

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It is imperative that Government supports a system that can reduce the pay gap between teachers working the early childhood sector and to match those of their counterparts working in the school system.

Lessons from the past should be considered. As example: Professional Learning Fund, that allowed constant improvement and engagement from educators in non-accredited and accredited professional learning. Facilitated upskilling for educators and teachers in emerging best practice models as well as addressing critical areas of need.

As a provider of long day care, preschool and out of school hours care, Big Fat Smile would welcome a seamless system of transition for all children, enhanced by greater connection between early childhood education and school. There needs to be a system where the out of school hours programs are valued as part of a child's recreational and learning continuum.

We recommend that the NSW Government work with local governments to identify and address any planning related barriers to support the growth of the not-for-profit sector.

- 3. The lack of comprehensive, integrated, accessible, high quality digital services and data about early childhood education and care – long day care, family day care, preschool and outside school hours care – makes it hard for families to find, choose and use services and impedes good decision-making for providers and policy-makers – a digital transformation is needed.**

Families need accessible and accurate information to make informed decisions about early childhood education and care, and this can be lacking. There are also untapped opportunities to develop digital tools to help families navigate the early childhood system. Providers and policymakers also need access to data to help with decisions about where to locate services and what programs are needed. Throughout the review to date, we have experienced significant issues with data, as sources are varied, fragmented, hard to access, and often inconsistent.

Big Fat Smile Response: Agree

The ACCC Interim Reports have found that generally most ECEC services set their fees close to the local average fee. Local markets can be strengthened with greater transparency on fees, quality and availability. Families and providers would both benefit from greater transparency of fees – local markets will work better if all participants are better informed on market conditions.

There are already multiple avenues for families to access information, therefore Big Fat Smile recommends transformation of current avenues and streamlining of these would be beneficial and ensure that there is limited duplication for families.

Data for policy makers and providers will be inconsistent given the nature of waitlists – number of families on multiple lists and also services that reduce numbers of children for staffing reasons. The places for children might technically be able to be serviced in the area – but staffing limits it.

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4. There is scope to improve access to services and support in services for families with children with diverse needs, disability, additional needs or experiencing disadvantage or vulnerability in NSW.

Inclusive services allow every child to meaningfully participate in activities, receive adequate care and enjoy the benefits of early childhood education and care alongside their peers. All children have the right to inclusive early childhood education and care. Unfortunately, not all early childhood services are inclusive for all children. This is especially so for children with disability/additional needs.

Big Fat Smile Response: Agree

Not-for-Profit providers like Big Fat Smile make significant investments to support children with additional needs and it is important to recognise there is a financial disincentive for providers to enrol children with additional needs due to lack of funding to fully cover the true cost of inclusion for all children under a universal system.

Recommendation 10: This should include increasing the hourly rates for payments to services with eligible children, to reflect both:

- the direct costs of eligible activities (including, but not limited to, engaging suitably qualified additional staff), and
- the additional costs associated with coordination, administration, planning and support time that is necessary to provide inclusive education and care

To complement the Minor Capital Works component of the NSW Disability and Inclusion Program, the NSW Government should also consider exploring opportunities to work with the Commonwealth Inclusion Support Program to expand the availability of the Specialist Equipment Library under the Commonwealth program to community preschools in NSW.

Big Fat Smile agree that activity test should be reviewed, there have been advocates from across ECEC since the announcement prior to implementation. Childrens access to Early Education and Care should not be based on their family's workforce participation. However, removing the activity test without addressing the critical attraction and retention concerns for educators and teachers could lead to systematic failure in achieving the intended outcome.

Recommendation 12: could go further and suggest that OSHC provision should become part of the capital works plan for each school to ensure sufficient OSHC space is a high priority in every schools' forward capital works plan. In light of the findings by the ACCC about the benefits of Not-for-Profit provision, consideration could also be given to the sector mix in OSHC.

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Recommendation 15: A reformed ECEC system should utilise three layers of investment to support inclusion outcomes at a child, service and community level:¹

- i. **Child-level inclusion investment** to fund additional educators to support individual children with specific additional needs and remove cost disincentives to their inclusion. Child-level inclusion funding should build on the current Inclusion Support Program (ISP) and be:
 - i. child-centred, with reduced administrative barriers and improved continuity of access and support
 - ii. supportive of individual children with specific identified needs, including children with disability, developmental delay, trauma-related behaviours or other inclusion support needs
 - iii. demand driven, not capped
 - iv. matched to the child's needs, including support for all the hours they attend early learning
 - v. matched to the actual costs of delivery, indexed annually by the Wages Price Index
 - vi. able to build specific capabilities within a service to ensure a child's inclusion needs are met.

- ii. **Service-level inclusion investment** to meet the needs of children with identified vulnerabilities attending a specific service. Service-level inclusion investment would:
 - i. Be allocated at the service level, on an annual basis, based on the number of children experiencing vulnerability enrolled at a service
 - ii. Support local inclusion capability uplift, outreach and other service level solutions
 - iii. Recognise that, within some markets, some service providers are serving greater proportions of children likely to be vulnerable than others, and children with multiple vulnerability risk factors need additional investment to support their participation and outcomes. (Subject to financing instrument – but suggest School Readiness Funding-style payments and loadings).

- iii. **Community-level inclusion investment** to meet the needs of communities facing disadvantage, to support place-based initiatives reflecting the particular needs of a community, and to reach out and engage with the community to connect with families not currently accessing ECEC. Community level investment should:
 - i. be grant-based aligned to nationally identified priorities and on a scale much larger than the CCCF to significantly increase participation of children most likely to benefit from access to ECEC

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¹ For more detailed discussion, see Goodstart's submission to the Productivity Commission Inquiry (2023) pp. 45-57

- ii. support services provision in 'thin markets' where demand is insufficient to support a commercially viable service, ongoing capital and recurrent funding should be provided to ensure that children in these areas are not missing out on access to ECEC.



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