



SUBMISSION TO THE
NSW INDEPENDENT PRICING
AND REGULATORY TRIBUNAL
INQUIRY

EARLY CHILDHOOD
EDUCATION AND CARE



Community Connections Solutions
Australia acknowledges the traditional
custodians of the land and waterways on
which we live and work. We pay respect to
elders past and present.



Contents

5	About CCSA
6	CCSA Membership
7	Representation on government advisory bodies
8	Introduction
9	Scope of Response
10	Supply of services
14	Pay Parity
15	Incentives
15	Conditions
15	Career Choice
15	Responsibilities
15	University courses Practicum
16	Vocational Education Training
17	Professional Learning
17	Children with additional needs
18	Aboriginal and Torres Strait Islander and CALD teachers
19	Provider costs and revenue in delivering services
20	Recruitment and retention of qualified staff
20	Governance costs
21	Location and degrees of isolation
22	Affordability
25	Conclusion
27	References





About CCSA

CCSA is a peak body with a vision to achieve sustainable and valued early childhood education and care (ECEC). CCSA partners with and advocates for ECEC services to ensure positive outcomes for children and communities. We achieve this by providing leadership and operational support using our expertise in meeting the governance, management, training, business and workplace relations needs of early childhood education and care settings.

CCSA is approaching its 54th year of operation, supporting both commercial and not-for-profit ECEC services with governance, management and operations, sector compliance, sustainability and effective workplace relations activities. We deliver training and support that builds service capability, presenting many forums, workshops and individual consultations to ECEC services across NSW. This is complemented by providing training or consultancies to individual services across the operational areas of organisational management, governance, financial management and leadership integrated with professional ECEC practice.

CCSA has been contracted by both state and federal governments to provide support to individual organisations and the sector more generally. CCSA develops strategies and practices that leave a legacy for the future health of each organisation it supports and the sector more broadly.

Since our establishment we have built a thorough knowledge and understanding of the issues faced by children's services in rural and remote areas, by way of regular contact through our 'Members Information Line', our Regional and Remote Forums, on-line discussions and seminars, and our consulting work ranging from very small services through to large-scale multi-site services.

Our Vision

*Best practice in early
childhood
governance
and management*

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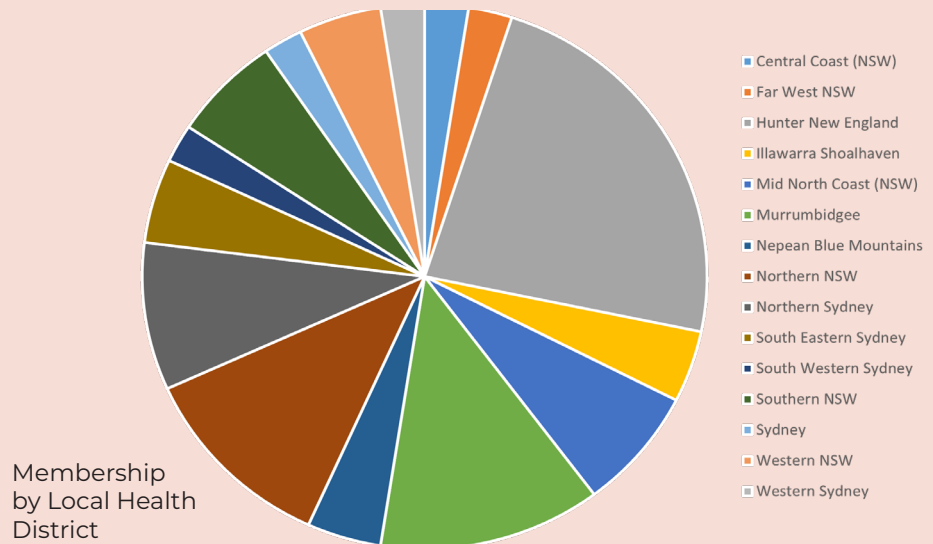


CCSA Membership

Currently CCSA has approximately 525 for profit and not-for-profit organisational members across all of NSW which include –

- Long day care
- Preschool
- Mobiles
- Outside School Hours
- Family Day Care
- Occasional Care
- Multi-purpose
- Early Intervention
- Recruitment agency

A large number are in regional or remote areas.



CCSA is well placed to comment on the current and future needs of the sector as an organisation that supports both employers and educators in children’s services, through our continuous involvement in the training and professional development in the sector, and through continuous engagement with both sides of the employment relationship and service delivery issues. The broad member base of service delivery types and governance structures provides an accurate sector view.

CCSA ‘s staff and board have relevant qualifications and many years’ experience in professional, management, governance and policy positions within the ECEC sector in large, small and diverse organisations across the state.

CCSA acknowledges the continued valuable contribution of its members to the information provided in this submission as well as partner organisations and makes this contribution to support the department’s aim to ensure that children in regional and remote areas have access to sustainable, high quality early childhood education and start school with the skills they need to engage in learning.

Representation on government advisory bodies



CCSA also plays a key leadership and advocacy role at a state and national level in order to -

- advocate for high quality and affordable early childhood education and care services
- assist government develop and implement effective policy and understand sector needs
- increase community awareness about the value of quality ECEC experiences and qualified early childhood professionals
- promote effective workplaces and excellence in service delivery being a key support for sustainable organisations and better outcomes for children

1. NSW Early Childhood Education Advisory Group
2. NESAs Early Childhood Reference Group
3. ECAG Universal Pre-Kindergarten Sub-Group meeting
4. Australian Government ECECRG
5. Macquarie University Cooperative Research Centre on the Care Economy
6. ACECQA National Workforce Strategy Stakeholder Reference Group [SRG] Meeting
7. Universal Pre-Kindergarten – Submitting an expression of interest to pilot
8. Thrive by Five Regular Campaign Meetings
9. Thrive By Five Rural and Remote Campaign
10. Workforce Summit – United Workers Union & ECA sector campaign
11. ECAG Subgroup Extraordinary Meeting - Start Strong Capital Works Grant Program
12. Meeting with The Hon Fiona Nash, Regional Education Commissioner
13. Supporting Families into Early Childhood Education Community of Practice



Introduction

CCSA maintains that all children have the rights laid out in the United Nations Convention on the Rights of the Child (UNCRC), to which Australia is a signatory. These rights are universal, even in situations where there are greater challenges for those rights to be delivered. CCSA members in regional areas have long maintained that while it may be more costly to provide the same services for children in these areas, or to overcome barriers to access and participation, these children have no less value than those in metropolitan locations, and most particularly those in more disadvantaged circumstances.

Over many years and in many forums CCSA has identified the need for better planning to address a number of issues regularly experienced in the sector. Having a stronger focus and understanding of the impacts of affordability, accessibility and consumer choice across for different children and family groups, geographies, service types and provider types will certainly result in improved outcomes for children and also government policy. This will extend to more information about supply shortages and barriers to affordability and accessibility and how to address those most disadvantaged.

In this submission CCSA limits its contribution to this consultation to the early childhood area of the proposed policy where it has significant expertise. Over fifty three years of supporting the sector enables us to contribute reliable information and a deep understanding of the sector. CCSA draws on the experiences of its 525+ organisational members and the expertise of its staff who are deeply engaged with the delivery and operation of a range of early childhood and OOSH services.



Scope of Response

CCSA has focused on the questions related to Supply of Services and Provider Costs and revenue as listed below.

Supply of services

- How do you think we should measure whether the supply of early childhood services in an area is adequate?
-
- Are there particular parts of NSW where you consider there is a shortage of early childhood education and care places? Where are they?
-
- What factors other than cost, demand and workforce, can impact a provider's decision to establish or expand an early childhood service?
-
- How do costs of providing early childhood education and care impact decisions about establishing or expanding early childhood services?
-
- How do service providers predict or gauge demand for a new or expanded early childhood service?
-
- How have workforce issues affected early childhood service providers and/or workers and what could be done to help this?

Provider costs and revenue in delivering services

- What types of costs are incurred in providing early childhood services and how do they vary?
-
- What types of costs or circumstances are most challenging for providers in delivering quality early childhood services?
-
- What costs do providers usually incur to improve early childhood service quality? How have these costs changed since the introduction of the National Quality Framework?
-
- How do profit margins and cost recovery impact providers' decisions about costs and revenue?
-
- What factors do you think IPART should consider when using cost information to estimate price benchmarks?



Supply of services

10. How do you think we should measure whether the supply of early childhood services in an area is adequate?

The tendency of government to view outcomes narrowly in economic and productivity terms, with little attention to social benefit has contributed to successive governments considering early childhood education and care (ECEC) in market terms and leave it to the market to determine the type, placement and quality of services provided. This is particularly evident in the structure and subsidy approach to the Australian Government's focus on parent/carer workforce participation. While CCSA agrees that there is a correlation between the accessibility of ECEC, and workforce participation of mothers with a child under aged under five years, access to ECEC delivers benefits to children's educational, social, psychological, and emotional development beyond benefiting parents/carers or the economy through workforce participation. Reliance on a market driven model to measure and respond to demand means that inevitably service providers have concentrated on delivering new services in areas of high socioeconomic status where there are larger financial returns through fees and other charges. Current policy settings, where unregulated sector growth is determined by providers, mean that where Australians live still plays a significant role in whether they can access ECEC services. (Hurley, 2022).

The discussion paper notes the substantial under-supply of centre-based day care services subsidised by the Commonwealth Childcare Subsidy (Hurley, 2022), especially in rural, remote and very remote areas of the State. Hurley suggested the concept of a childcare desert where there are more than three children aged four or under per childcare place. Ratios of children under school age to ECEC places may be a reasonable measure of demand in densely populated areas of higher socioeconomic advantage where there is a choice of providers, however the Hurley report suggests the market approach, especially in cities, creates barriers to participation in lower socioeconomic areas and areas where language other than English is spoken at home. In regional, rural, remote and very remote areas other factors contribute to difficulty accessing ECEC services other than ratios of children to places. Apart from there being insufficient places to meet demand, distance and logistics have a big impact on access. A scarcity of places is often exacerbated by the need to travel long distances to access ECEC services.

The predominance of long day care centres in the sector has been a contributing factor in changing the public perception of ECEC. There has been a transition from the concept of 'education' when the sector was dominated by preschools to that of 'care', particularly with it continuously being tied to workforce participation, economic outcomes and assessment in relation to productivity. It is no surprise there is limited public knowledge of the importance of having highly trained professionals working with young children in all settings. Though there is now strong research evidence supporting qualified professionals working with children birth to school age this message still needs to grow outside the



immediate sector. Ruppanner (2022) proposes “thinking about childcare as infrastructure — like water, electricity, internet, and public school”. She proposes a paradigm shift in the way we think about childcare, re-framing the perceptions of the sector from child minding or babysitting to early education.

Models that measure the adequacy of ECEC places to meet in geographic locations should be more than standardised ratios of eligible children to places available locally. Rural, remote and very remote areas often have no access to ECEC services because the economic/return on investment model doesn’t work when small numbers of children are spread over larger distances.

11. Are there particular parts of NSW where you consider there is a shortage of early childhood education and care places? Where are they?

The Start Strong Capital Works Grant Program 2022-23 identified areas of shortfalls of community preschool places. The Department of Education conducted research on the need and demand of community preschool places across NSW, considering current availability, demographic projections and utilisation rates, among other variables. The research identified 24 areas by Australian Bureau of Statistics SA3 code, where shortfalls in community preschool places were identified. The areas are across cities, regional and some rural areas although anecdotal feedback from CCSA members suggests the analysis fell short of the reality they face in regional, rural and remote areas with high demand, long waiting lists and insufficient places (NSW Department of Education, 2022).

12. What factors other than cost, demand and workforce, can impact a provider’s decision to establish or expand an early childhood service?

- Location and the availability of housing
- lack of flexibility in funding models ie CCS & Start Strong Safety Net limits expansion and ability to met community need and demographic growth.
- Employment opportunities in the town for partners of ECEC workers
- Local public transport services for staff and or families attending the service
- Availability of health services especially where these are complimentary to the ECEC services, such a speech therapy, occupational therapy or other allied health services that support children’s development.

Funding Rules Prevent Growth

Start Strong Safety Net guidelines restrict licencing to 20 preschool places. In rural & remote communities some services have identified a need for LDC for 0-3 year olds .but accessing additional places under CCS pushes them over 20 places and excludes them from Start Strong Safety Net funding.



- Local schools for ECEC workers children
- Competition from other ECEC services in the area

13. How do costs of providing early childhood education and care impact decisions about establishing or expanding early childhood services?

Cost is a key determinant in decisions about establishing or expanding early childhood services. The financial viability of a service underpins every decision about the establishment, operation or expansion of the service. The cost of providing a service varies with location. Pricing benchmarks must be sensitive to the factors that influence cost/price variation. A bench-mark price for a metropolitan service will have different drivers to a service located in a rural or remote setting.

Capital costs and the availability of capital funding to expand or build new services is a major impediment to creating additional places in the post COVID environment. Significant escalation in the cost of building materials, scarcity of labour and a rising number of builders becoming insolvent creates an unstable development environment. CCSA has worked with services over the last two years assisting them develop capital funding applications. Our experience working with services suggests that building cost escalation has made plans for expansion nonviable. This together with a lack of capital works expertise amongst service staff and governing bodies has made some services shelve plans for expansion or development.

Expert Support needed

ECEC Directors & Committees are not experts in planning and executing capital works projects. Our experience shows they need support to plan capital projects, develop capital grant submissions

Sources of capital funding for new ECEC services or to expand existing services is limited. The 10 year capital grants program available to community preschools, community owned long day care services offering preschool program, Aboriginal Controlled Community Organisations and services seeking crisis funding concludes in June 2023. It has been our experience working with services that the lead time to develop a proposal that meets the requirements for grant submission or development application to local authorities is a longer-term process that requires the service to commit funds ahead of making a grant application which may or may not be successful.

Services wishing to expand through capital development must engage with licenced building professionals to engage the following consultants or obtain reports or pay fees associated with the development. These include:

- Consultant fees
- Project Manager
- Surveyor
- Architect
- Landscape Architect/Designer
- Engineer – Structural, Civil and Storm Water



- Environmental Sustainability
- Accessibility Administrative Costs
- Council DA application cost and developer levy
- NSW Long Service Leave levy
- Building permit
- Plumbing permit
- Electrical Supply upgrade
- Legal fees
- Certification fees

At the outset of the planning process where limited capital funding is available the expenditure by ECEC services could amount to cost between \$50,000 to \$100,000 depending on the scope of works. Services that operate on very slim margins do not have the reserves to fund the work necessary to submit a grant application.

14. How do service providers predict or gauge demand for a new or expanded early childhood service?

CCSA has assisted members planning new or expanded services by conducting demographic studies and competition analysis to determine opportunities for growth. Census and other population data, local workforce participation rates, birth rates, local and regional development plans and community consultation all provide information that assists in forecasting demand and identifying opportunity.

CCSA members inform us that in many cases the demand is self-evident. Waiting lists, other local 'intelligence' in some situations makes the case for new or expanded services, especially in rural and remote areas.

15. How have workforce issues affected early childhood service providers and/or workers and what could be done to help this?

The ECEC workforce in NSW has been suffering shortages of qualified staff for some years. Parity with peers in infants and primary school settings will facilitate a more responsive, focused and motivated workforce with increased quality and productivity. Regional, rural and remote services are also often hampered in recruitment by distance, isolation, shortage of available housing, lack of services in towns and villages, limited employment opportunities for partners of teachers and schools for their children.

CCSA agrees that continuity of staff is a significant contributor to better outcomes for children. We also understand that turnover is high in some situations. Stability in preschools (retention) is generally better than other services primarily because of more favourable conditions such as

Local Government engagement

Our experience suggests there is very little effective planning, engagement or collaboration by local Councils in strategically planning childrens services in local communities.

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shorter working hours and little requirement to attend the preschool in children's holidays, particularly compared to those in long day care with longer shifts and only 4 weeks annual leave. A contributor to turnover is the number of certificate III trainees who complete their training on-site but are not retained by their employer. Retention would mean paying a full-time salary compared to the training wage. A further issue is that trainee schemes encourages employers to not retain a trainee as they can then continue to access government employment incentives on a continual basis for subsequent trainees. The scheme can be used as a strategy for income generation or to limit wages expenditure rather than a commitment to training new staff who will become valuable full-time employees.

Workforce Profile & professional recognition

*Better recognition
and knowledge about
the professional
workforce is required.*

*ECEC teachers are
highly qualified
educators specialising
in early years learning*

Job seekers without qualifications often see the ECEC sector as something that is not skilled work and they will 'feel good' about working with children. This contributes to turnover of non-qualified staff. Our experience of the sector demonstrates the knowledge, skill and commitment is required along with its complexity.

NSW Teacher Shortage

Though NSW has had a regulatory requirement for university trained teachers in children's services for many years, there has been a shortage of appropriately qualified teachers over the last decade. This is particularly so in regional and remote locations where vacancies may be eventually filled with lesser qualified staff (with approval from the regulator). This shortage is likely to worsen even with a commitment to increasing the numbers of qualified staff through the quality agenda and framework and the National Partnership agreement with the NSW government. There are several contributing factors.

Pay Parity

Teaching is a profession in ECEC. There are comparable requirements upon undergraduate students at universities whether the qualification be for primary school education or ECEC. It can be argued that the requirements and responsibilities of the work subsequently performed once graduated and employed is probably greater for the teacher in an early childhood service than their school-based peers. A further argument can be made that the teacher's role in ECEC is more demanding professionally with higher requirements regarding the development of curriculum and assessment on site, rather than being set out by a central education department. The introduction of the NQS, including the EYLF, requires a level of skill and sophistication from the early childhood teacher to interpret and implement in the ECEC service, and to lead the teaching cohort in the service. These University-educated teachers are likely to be the identified 'pedagogical leader/s' in the service as required by the National Quality Standard.

What is clear to practicing and prospective teachers is that the pay and conditions are not comparable between a teacher in a ECEC service to that of their peers in other parts of the education sector. A move to pay parity for teachers with that of their peers in other sectors of education,



without a commensurate increase in government funding, would render many preschools unaffordable for the majority of families in their community with closures the likely result (as has already been the case), which would clearly undermine universal access and the quality reform agenda.

Funding for regional and remote areas, though higher than for metropolitan areas, is not sufficient to facilitate services to provide the necessary incentives to attract and retain teachers.

Incentives

Consideration should be given to incentives programs similar to the NSW Department of Education Rural Teacher incentive.

Conditions

Prospective teachers compare not only pay levels but working conditions across sectors. As most teaching positions that become available for new service teachers are in long day care, it is easy for them to make the clear distinction between the length of the workday (commonly 8 hours in LDC) and other conditions such as the availability of school holidays. This is a significant element in the predominant choice to take up primary teaching.

Career Choice

Teacher training courses in universities commonly cover the ages of 0 – 12 offering students the opportunity to choose between employment in schools that commence at kindergarten or ECEC services for 0 – school age. This provides choice for students and allows universities to combine students in core subjects and provide economies of scale for the training they provide, reducing the cost of provision. However, in most cases in NSW this choice results in students choosing primary teaching once they compare pay and conditions between ECEC (particularly LDC) and schools. Subsequently, there is insufficient regular supply of ECEC teachers flowing into the sector.

Responsibilities

New service teachers and undergraduates in the ECEC sector, having once experienced or sampled the planning and administrative requirements teaching in ECEC, will commonly point to the responsibilities for curriculum planning and documentation as a further reason they choose primary teaching instead of EC, or later as a career change having previously entered EC. Service Managers regularly report their disquiet at the lack of reasonable time available for the management, administrative and relationship requirements of the role.

University courses Practicum

The limited amount of practical experience available in courses is not sufficient to assist students gain a sound understanding of the application of knowledge and skill required in practice. On the job experience with suitable mentors is an important part of professional development.

Consider Financial Incentives

*Recruitment bonus
Relocation payment
Teacher salary incentives
Rental Subsidy
Stamp Duty Benefit
Retention benefit
Experienced Teacher benefit*

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Universities would report they have limited financial resources for course delivery that do not support additional or longer practicum placements. Universities can find it difficult to find the required number of services willing and able to take on the assessment and mentoring of students for practicum. Universities routinely cannot accommodate an appropriate amount of time into the course for subjects relating to management and leadership, thus exacerbating the difficulties for teachers in service manager roles in ECEC services.

Recently announced Federal Budget initiatives in 2023-24 that provide financial assistance for early childhood educators to undertake a paid practicum in initial teacher education courses and support practicum exchange at a different service in a rural or remote location are a welcome initiative to boost practicum experience during undergraduate education. This is required in NSW for all funded preschool programs.

Vocational Education Training

Early childhood education and care continues to face pressing challenges surrounding skills and staff shortages. The Australian Children's Education and Care Quality Authority has identified the critical demand for more and better-skilled graduates in the early childhood education and care (ECEC) sector. An additional 85,000 ECEC workers are expected to be required to raise Australia's system to the OECD average by 2030, and almost 260,000 new ECEC workers would be required if we are to emulate the Nordic countries (doubling the sector's total employment). Vocational training has an important job to do in supporting the sector by providing capable and dedicated workers to satisfy demand however, the VET sector enters the present tumultuous period having already experienced a profound and multidimensional crisis from policy failures and fiscal mismanagement during recent decades. These problems remain entrenched. Short-form, piecemeal units of study (including the current fad of 'micro credentials') have expanded, while accredited quality training has collapsed by over 500,000 enrollments since 2015. All VET enrollment growth over the last five years has been in non-accredited programs, which have grown by almost 70,000 enrollments since 2015. As a proportion of all enrollments by provider since 2015, the TAFE system has experienced the greatest losses. (Littleton, 2023).

Vocational education training (VET) courses provide pathways to employment including early childhood educator and educator in before and after school care programs. A wide range of full and part qualifications are available, including Certificate III in Early Childhood Education and Care and Diploma in Early Childhood Education and Care. The requirement for all staff to have a minimum of Certificate III under the NQS provided incentives for staff to either obtain a qualification or upgrade an existing one. In 2022 the NSW Government made available 25,000 fee-free training places for anyone seeking to gain skills in early childhood education. There remains opportunity for expansion in the vocational training area due to the numbers of staff that will be required in future years.



VET as an alternate to University or TAFE education programs is flexible with options which aligns with students' particular needs, circumstances and values, is accessible and suited to many people a range of study modes available. VET's key advantage is its practical focus, which cannot be underestimated when it comes to working in early childhood education. Practical placement enables students to experience what it's like being employed in a real workplace.

Eliza Littleton (2023) advocates a strong VET system with TAFE as its anchor is vital to supporting a dynamic, innovative economy, and to building more inclusive labour markets. The system requires urgent rebuilding to ensure it can support new skills development, job creation and opportunity – particularly for disadvantaged segments of the population. The creation of Jobs and Skills Australia is an important initiative for the future of vocational education and training (VET). If Australia is going to expand its ECEC system in line with the needs of working parents and employers, to match the level of provision of other industrial countries, ramping up high-quality vocational education for ECEC workers must be an immediate priority.

Professional Learning

Federal Budget initiatives in 2023-24 that subsidise early childhood professionals to engage in professional learning are a positive step to improving access to professional learning. As many services within the sector are individual independent services, professional isolation is a continuing challenge. Whereas teachers in schools are part of a cohort of teachers, ECEC staff may have little contact with others, particularly trained staff who need to continue to improve their knowledge and skills throughout their careers. Opportunities to have regular access to others in the field or more experienced and knowledgeable professionals is often limited by the cost to the service to facilitate professional learning and mentoring across a broad range of areas. As outlined previously, this is often being limited to engaging with children and not cover the broader areas of service provision such as governance and management, engaging with communities, collaboration and partnerships.

It is important there be:

- opportunities to regularly connect with others in the sector,
- access to regular professional learning from skilled and knowledgeable professionals, both electronically and face-to-face,
- access to a broad range of training relevant to service delivery including Pedagogy & practice and governance & management.

Children with additional needs

New service teachers often do not feel capable of appropriately supporting the specific needs of children with additional needs and are frustrated by the insufficient funding available to provide on-site assistance for children with more substantial, sustained needs. It is not uncommon for these pressures to lead to less qualified and able staff being assigned to

Successful past programs

The NSW Sector Development Program and Sector Support Program demonstrated how professional learning can be effectively achieved by engaging personnel in services through targeted individual support to address self identified needs and service quality improvement

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work with these children, leading to a situation of managing behaviour rather than the implementation of supportive programs by skilled staff. In rural and remote communities a shortage of allied health staff, occupational therapists, speech therapists, audiologists and psychologists to name some, or a requirement to travel long distances for services often disadvantages children with additional needs. Delays in identifying and resolving barriers to learning impacts children's development profoundly.

Aboriginal and Torres Strait Islander and CALD teachers

Cultural competency is essential for staff that do not have knowledge and understanding of Aboriginal and Torres Strait Islander culture and history. Cultural competency is a beginning, a first step in understanding the situation and possible circumstances of Aboriginal communities in their area and more generally. It is common for Service Managers and staff to voice their concern regarding lack of knowledge, even where a willingness to connect and engage exists, which affects their confidence in regard to making adjustments in operation and practice. Lack of knowledge limits action because of the fear to offend.

It is essential to ensure that workforce development programs have the capacity to include specific education and support programs for these communities. It is not enough to simply say that they will be encouraged to participate in education programs. There is an apparently high level of incompleteness of teacher education programs by Aboriginal students. Culturally appropriate teacher education programs need to include support for access to programs, flexibility in delivery and support following graduation.

It is important that a deliberate, purposeful and sensitive program of up skilling staff in regional and remote areas is available and is provided by Aboriginal and Torres Strait Islander people. The program needs to include expectations of the development of plans that include appropriate partnerships and strategies that include identifying and reporting progress and results. To ensure a beneficial change the work needs to be delivered by Aboriginal people or in partnership to demonstrate authenticity and integrity.

Community managed services, both generally and specific to early years services, can face challenges in relation to building and maintaining capability in governance and management. Though many are capable, those that experience these challenges are less able to change existing practices that can promote better access and engagement to increase enrollments of Aboriginal children. This is particularly the case where economic circumstances pressure sustainability. Regular access to information and support to develop and maintain governance and management capability has a direct impact on improving compliance and sustainability. This provides the opportunity to develop strategies that improve engagement with Aboriginal communities and subsequently increased Aboriginal enrollments.

Prepare and support workplaces

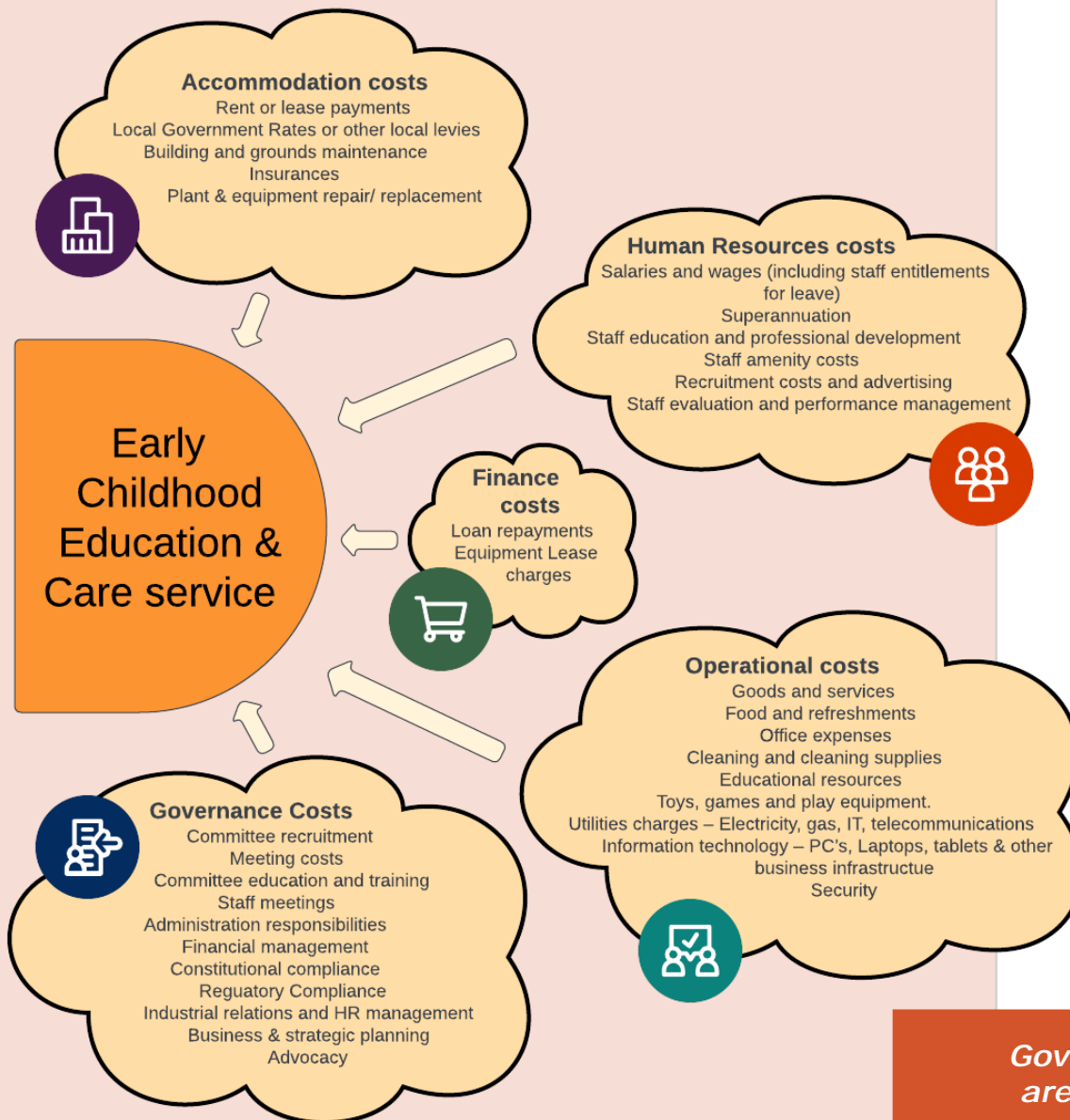
Creating culturally sensitive & supportive workplaces requires education, mentoring & ongoing community engagement



Provider costs and revenue in delivering services

services and how do they vary?

Costs incurred in providing early childhood services are considered by category.



Governance costs are often under-resourced & not adequately accounted for in staffing hours or sufficiently provisioned in budgets

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17. What types of costs or circumstances are most challenging for providers in delivering quality early childhood services?

Recruitment and retention of qualified staff

Recruitment and retention of qualified staff is a challenging exercise in many rural and remote communities. We have made comment earlier in this submission on workforce issues that impact ECEC services. In some communities the recruitment pool is exhausted and there are not the people with the qualifications required available in the community.

Where this has occurred broader initiatives and incentives should be considered, especially when ECEC services are considered part of the infrastructure in the local community. Relocation assistance, assistance with housing, isolation allowances, and other incentives could assist services in rural areas attract qualified staff.

Availability and access to allied health providers for early intervention
Many CCSA members have reported difficulty accessing allied health services for children attending their service. The availability of allied health professionals in the local area to undertake assessments on children is often challenging. This is because there is no allied health professional in the town or the numbers of children requiring assessment overwhelms the allied health professionals available.

CCSA members also report difficulty interfacing with the NDIS where vulnerable children have complex care needs that require additional support with through support workers at the service or allied health professionals such as occupational therapists.

Governance costs

It is important the inquiry acknowledge that the ECEC sector has diverse governance and management structures. Governance bodies, for example, include individual owners/businesses, corporations, community based organisations, local government, religious based organisations, large benevolent organisations, work-based organisations, universities and TAFEs. This creates very different roles for on-site managers (service managers) who are rarely trained in management or have the experience to effectively manage a small business. If we are to deliver quality education to children and families in the sector, we need to acknowledge the need for managers to know and understand the different governance structures and mechanisms and be able to manage EC services effectively within these structures. It is important this is recognised as a facilitator of quality in addition to the role of educators and allied professionals employed by these organisations.

It also should be recognised that the capacity to govern and manage from an organisational perspective varies widely. The community based and volunteer structures, while providing significant community and social benefits in excess of desired educational outcomes for children, regularly struggle to develop, and retain, the capacity to govern and manage effectively over sustained periods.

The predominant governance model in community preschools relies on an 'volunteer model' which is not allowed for in funding models. This expense requires a cost analysis and further research to adequately account for the 'actual cost of delivering a quality education program



To successfully deliver an ECEC service, requires recognition that engagement with community and other agencies or departments requires the commitment of resources by the service provider. Funding models need to recognise that investment in up-skilling and ongoing community engagement, focused on increasing access and attendance, is a cost-effective delivery approach.

Location and degrees of isolation

The needs of families in regional and remote areas are very diverse due to the broad range of geographical, climatic, cultural, economic and family circumstances that exist. There are also many communities where populations fluctuate in response to the seasonal, climatic and the economic circumstance that exist at any given time. The early childhood delivery system, including funding arrangements, needs to be responsive to this diversity rather than being rigid and economically based. Funding needs to be flexible and support communities and their ECEC services in times where attendance numbers might be low or, in fact, will always be low due to the size of the community. A system that recognises the rights of all children and the diversity of circumstances is necessary for access to be equitable.

It is important that children in rural and remote regions receive the same quality of service as their metropolitan counterparts if the national quality agenda and early years learning framework objectives are to be achieved. For example, it is not acceptable that children attending primary or secondary schools in regional and remote locations have university qualified teachers but children in ECEC often do not.

In smaller and more remote communities there are often fewer numbers of children and over a greater area, where accessing a service is difficult due to distance or difficult circumstances. The sustainability of a centre-based or mobile service in these circumstances is problematic due to both the current funding model and fluctuations in numbers. Different models of delivery should be explored so that access to a developmentally appropriate prior to school experience is available to these children.

CCSA considers there is a significant difference in life circumstances for those in remote geographical locations in comparison to those in areas identified as regional, and there would be benefit in separating them in policy. For example, in remote areas there are regularly few children of preschool age across a vast area making it problematic to focus policy narrowly on the years just prior to school and 'preschool-like' experiences for the delivery of services.

Commonly the time needed to travel significant distances to attend a service and taken away from business/farm commitments is prohibitive for remote families. The cost to mobile services to deliver to an individual family or small group is often seen by government as too high to be cost effective. This leads to families in these areas to comment that their children are valued less than others. The cost of travel for these families is also seen as prohibitive.



Affordability

Education for school aged children is supported by government funding at a much greater level than that in ECEC. In NSW in particular, the level of state funding support provided to community managed preschools has consistently been shown to be far below that of other jurisdictions whilst preschools provided by the Department of Education are effectively supported at a much higher rate, resulting in significant differences in fees charged. Long Day Centres, whilst not directly funded, are assisted by the availability of the federal Child Care Subsidy and Child Care Rebate to families. This is not available to state funded, community managed preschools.

Funding levels have meant providers (predominantly small, independent community run services) must either increase fees, or decrease costs, or both to remain viable, the latter being very common. This financial imperative has been a significant contributor in suppressing pay levels in what is effectively a 'user pays' system as compared to government funded schools and preschools.

Capacity to pay has a greater impact on lower socio-economic and regional and remote areas. This effect is clear in NSW when comparing the number of children prior to school age accessing community-based services, mostly 'preschools', to those accessing government funded 'preschool' provided via education departments in other jurisdictions. The introduction of Affordable Preschool funding to preschools in NSW has reduced out of pocket expenses for the first 600 hours of preschool. 18. What costs do providers usually incur to improve early childhood service quality? How have these costs changed since the introduction of the National Quality Framework?

It is important that workforce development responds to contemporary knowledge and practice in ECEC. This knowledge recognises that children learn and develop continuously from the time they're born so that all care settings must provide skilled and knowledgeable staff to support this development. The differentiation between service types is valuable as a descriptor to identify the demographic of families the service is delivered to, and a descriptor for purposes of assisting parents make that choice. All care settings provide for children's education- it is the quality of these programs that is dependent on a skilled and capable staff and management. The National Quality Framework recognises all care settings as education environments.

ECEC staff also need access to information and professional learning opportunities to improve their knowledge and skill in relation to quality inclusive practices and the broad scope of additional needs, including those emotionally and socially based. It is also necessary for there to be regular access to support agencies that support sensitive inclusion and family centred practice. This also needs to be supported by appropriate funding to facilitate staff developing and evaluating programs on a continuous basis and providing for more regular engagement with children with higher level needs.



19. How do profit margins and cost recovery impact providers' decisions about costs and revenue?

Every Provider should be concerned about profit margins and cost recovery. Services do not have unlimited reserves or resources to draw upon. Whether a service is a community based not-for-profit, an NFP Company Ltd by guarantee, a Co-operative or a privately owned concern, all businesses must make a profit to secure their continued operation into the future.

Community owned not-for-profit ECEC services often have less pressure on the profit margin than privately held concerns where a financial return to shareholders is paramount. The changing landscape of government funding over the last three years, including COVID relief and more recently introduced affordability measures by both State and Federal governments, has implemented new rules governing what additional fees can be charged and under what circumstances they can be applied. While it is our experience the additional funding has been welcomed by the sector it comes with an increased administrative burden that has a cost that impacts on margins.

Regardless of jurisdiction or governance structure all services work within a highly regulated framework. Determining fee structures for revenue is often more difficult in the NFP sector for a range of reasons. These include business acumen amongst the governing body, business acumen of the Director of the service, historically low profit targets, historically low fees, reluctance to recover the real cost of providing services, parent/carer resistance to large fee increases, loss of enrollments, (and reduction of revenue) from children being enrolled in another service (competitor).

20. What factors do you think IPART should consider when using cost information to estimate price benchmarks?

Benchmark prices can be useful when comparing the cost of services by place or enrollment and the cost-of-service delivery in different settings, however CCSA urges caution when developing benchmarks for use in the sector. Done well, benchmarking can help unearth opportunities for improving your processes, practises and performance (Marr, n.d). Benchmarks can be useful in comparing the revenue and costs of service provision within homogeneous groups of services. There should be recognition of geographic differences in costs, and socioeconomic factors that influence revenue. Hurley (2022) has already identified the relationship between fees and location/area of residence. Socio-Economic Indexes for Areas (SEIFA) should be factored into the calculation of benchmarks as well as allowances for children at risk, with additional needs, or are otherwise considered vulnerable.

A refocus in the use of language is required. Not-for-profit actually means Not-for-loss. Sustainable & viable businesses are required to provide quality education.

Perceptions about 'making a profit' need to be reframed to sustaining a viable business that delivers services to the community.



Marr (n.d) highlights five areas that in his view are the biggest downsides of using benchmarks:

- Lack of context. In most cases, the benchmark data being compared is stripped of its short-term and long-term context, meaning it shows what a competitor or internal team has achieved, with no information on how they achieved it. This makes it difficult to pinpoint meaningful areas for improvement.
- Measurement issues. Not everyone measures things in the same way, which can make like-for-like comparisons difficult. Comparing certain metrics, like profits, can be skewed by one-offs and accounting exceptions.
- Finding comparisons is difficult. Establishing new benchmarks in the ECEC sector and finding comparisons for measurement will require significant investment and consultation with the sector.
- Finding reliable data can also be difficult. The reliability of data is sometimes questionable. Measurement issues aside a whole new information system would be required, the methodology for collecting and aggregating data developed and systems to disseminate and interrogate data developed.
- Benchmarks look backwards, not forwards. Benchmarking only describes what has already happened. It doesn't show what is occurring in real time, or provide indicators of future performance. Past performance is no guarantee of future results!

It is important that any future benchmarks be used as only a part of the performance measurement picture, not the complete picture. To really understand and improve performance a combination of benchmarks, forward-looking KPIs, targets, a strategy map, and projects/initiatives that deliver change are required.

Benchmarks per se should not be used in isolation and the question that arises when considering implementation of benchmarks is “whose interests are being best served?”. Normally benchmarks or other measures of performance are linked to organisational strategy. Rather than tracking KPIs that are easy to measure or benchmarking against data that's easily available, the focus on the KPIs and benchmarks should be the strategic goals (Marr, n.d). There is potential for conflict over whose strategy is being measured. For example a benchmark that measured indigenous children's participation in ECEC when measured at an aggregated State level may report different data to individual services operating in different contexts, differences in employee costs when benchmarked doesn't say anything other than some services spend more on staff than others but not why that is the case. In this metric location is key to adding context and meaning to the measure.



Conclusion

CCSA supports the work of the IPART and welcomes the opportunity to contribute. Our position in the sector enables a significant understanding of the issues that will be addressed in the inquiry. CCSA would welcome further opportunities to assist and support the work of IPART and the review of early childhood education and care.





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Community Connections Solutions Australia

7 Gang Gang Street
Katoomba NSW 2780

PO BOX 118
Katoomba NSW 2780

E: office@cca.org.au
T: (02) 7782 1470
W: cca.org.au