



IPART Education and Care Independent Market Monitoring Review

CELA Response to the Methodology Paper

Contents

Introduction.....	3
Summary.....	3
Response to consultation questions.....	4

Introduction

About Community Early Learning Australia

Community Early Learning Australia™ (CELA) is the voice for Australia’s early education and care sector. As a peak body, our vision is for all of Australia’s children to have access to quality early education, regardless of economic circumstance or where they live.

CELA supports over 1,800 members employing more than 27,000 educators and teachers nationally. Our members include community-managed not-for-profit, government, and privately owned small providers, delivering preschool, long day care, outside school hours care, and family day care services.

Our Mission is to:

- Deliver effective and expert support for our members, enabling them to deliver quality early education and care for all Australia’s children.
- Influence policy makers and government by amplifying the voices of community based and small providers.
- Promote the value and importance of community-based early education.

Summary

CELA welcomes the opportunity to provide feedback on the methodology which will underpin the Independent Market Monitoring Review which is required under the *Childcare and Economic Opportunity Fund Act 2022* (CEOF Act).

The review will be critical to ensure the Childcare Economic Fund is able to contribute effectively to ensure all children and families are able to access high quality early education and care that meets their needs, regardless of where they live.

In providing feedback on the methodology suggested, CELA observed that further clarity of policy objective is needed to ensure the right approach to identifying and collecting data.

Specifically, it is not made clear in this paper whether there is a policy objective to ensure universal access to early education and care services for all children, including those under preschool age, regardless of their family’s workforce participation or desire to work, or if the desired outcome is to ensure places for children of families who are working or wish to work.

This reflects the current challenge in this policy space where there is a movement away from considering ‘childcare’ as a workforce participation objective, to a more holistic understanding of the long term social and educational outcomes access to early education and care can provide at all age groups.

CELA understands that the ‘status quo’ policy position is that for children under the age of three, demand is determined by the number of families who are currently working, returning to the workforce or wish to work more. For children over the age of 3 in the years before school, we note the NSW government Start Strong program which aims to ensure all children aged three and above have access to 600 hours of preschool, and is therefore determined by the numbers of children in this age group.

However, currently this approach means that tens of thousands of children miss out on the benefits of early education and care simply because of their parent’s work status. Current demand measurements which focus

on employment levels and average earnings can also ‘hide’ significant populations of children and families who wish to access early childhood education and care, but cannot because of system complexity and cost barriers.

CELA reiterates our submissions to the Productivity Commission Inquiry into early childhood education and care that outdated distinctions between ‘care’ and ‘education’, and the ages at which these happen, are limiting the impact of Federal and State government investment. This confusion of purpose is contributing to a system that is expensive, difficult to navigate and failing to meet its full potential for social and economic impact.

To meet the objective of a universal, affordable ECEC sector we must reset the policy objectives and put children and their needs at the heart of the system. Recognising that, by first meeting the needs of children, the benefits to families and the economy will flow.

Response to consultation questions

1. We seek your feedback on the dimensions proposed in Table 2.1 for reviewing aspects of early childhood education and care services in NSW. Are there others that should be considered? What are your views on the level of detail?

- We note that occasional care is not included in the service type level of review. Occasional care provides an important transition model of early education and care which can significantly assist families who are in the process of entering or re-entering the workforce. Occasional care is often provided through community services which assist target population with work readiness skills and provide important care for children to allow families to participate in these courses as well as interviews. Where there is an objective for the ECEC sector to support workforce participation, access to occasional care should be monitored.
- CELA strongly recommends that the ‘provider type’ level of description is consistent with that collected by ACECQA. This simplifies the collection and monitoring of data as this is all publicly available via the ACECQA. It also allows for greater sector consistency in interpretation of the Market Monitoring Review. The categorisations also best capture the operational models of the service providers which can provide insights into service and fee efficiency and quality levels.

2. Are there gaps in the data collected for early childhood education and care services? If so, what are these and how can they be addressed?

- CELAs experience working with regional and remote communities has shown how reliance on general earnings data can ‘hide’ populations of disadvantage who would like to access ECEC but who face access and affordability barriers to do so. Consideration needs to be given to how to identify these hidden areas of disadvantage utilising a cross section of multiple data sources. For example, SEIFA data can hide high levels of disadvantage in areas where there is a proportion of very high-income earners in key industries such as mining or large scale aquaculture who skew the average. Utilising layers of data including child population, median earnings, the provision of support payments and employment levels may provide a more accurate picture of the diversity within communities.
- In ‘Thin’ markets population data may vary significantly from year to year. Consideration of longer term trends and averages may be more useful to indicate the long term demand for services in these areas.

- Wages data in the ECEC sector could be improved to better understand the earnings of educators and how they are paid. Including the provider type as well as qualification level analysis of wages data in the workforce census would be able to provide insight into market rates as well as whether there are some parts of the market which can pay higher wages. The span of payments collected eg: 'less than 10% above award, more than 10% above award' are too large to reflect the reality. Many services pay above award, but this is generally only a few percent higher. A span of up to 10% gives the impression higher wages are paid across the sector than the reality.

3. We seek your feedback on the dimensions proposed in Table 2.2 for reviewing the supply and demand for early childhood education and care services in NSW. Are there others that should be considered? What are your views on the level of detail?

- We recommend that data on vacancies and fees are sought from the federal government run Starting Blocks site. Services are required to provide fee data regularly and this is now included in the Starting Blocks website. Care for Kids is a commercial website, and it is unclear how regularly it is updated. Noting that there will be no clear sight across waiting lists which are currently significant across all service types.
- As stated above, a key issue for the question on the dimensions proposed for the review is the policy objective for ECEC services – is this just a measure of demand for services to allow for greater workforce participation or is it aligned with universal access objectives? CELA agrees that a focus on child population is best aligned with a policy aim of universal access to ECEC.

4. How should unmet demand for early childhood education and care services be measured?

- Currently areas of high unemployment may 'hide' demand for ECEC services as these families are excluded from ECEC subsidies for children under 4 due to the activity test. It is estimated around 120,000 children are excluded from accessing ECEC nationwide because of the Activity Test¹. Waiting lists and vacancy data in these areas will not reflect the population of children in the area as they are excluded by barriers of cost. Changes to the Activity Test and eligibility criteria coming out of the Productivity Commission review into early childhood education and care may affect this.
- As mentioned above, with the aim to move towards a universal access model of early education and care at all aged groups, unmet demand should be based on current and future projection levels of child population based on age grouping.
- CELA's experience working with regional and remote communities has also shown that future demand may be significantly impacted by major employment or development projects. Given that these projects are reliant on the attraction of skilled workers, many of whom will require access to early childhood education and care services, future demand projections should include overlay of information from local government areas including consideration of these major projects.

¹ <https://thrivebyfive.org.au/news/removing-activity-test-for-child-care-subsidy-critical-to-accessible-early-learning/>

5. Should benchmarks for participation rates of children in early childhood education and care services be used as a measure of unmet demand? If so, what are these?

- CELA agrees that for children attending preschool, the original Universal Access targets of 95% participation with 90% attendance rates is fitting and is an established policy setting. For children under this age and of school age it may be appropriate that targets relate more to the ability to access services, rather than mandatory participation and enrolment levels. For example, that 95% of children can access appropriate ECEC within a set distance from their family residence. This supports family's ability to make choices most appropriate to them based on the age of their child.

6. How should a shortage of early childhood education and care services be defined? For example, should there be a target for the number of places available based on population? Or is a ratio of demand to supply more appropriate?

- As mentioned above, CELA supports an approach that supports the ability of the sector to provide universal access to all children regardless of where they live or their family's work status. Therefore, we support a target of the number of places available based on population. This would also help identify areas of demand that are currently missed due to high unemployment rates, where many families are not currently able to access ECEC due to their ineligibility for the CCS.
- However, it is critical that supply of services should not include services which are not meeting minimum standards. Families should not be expected to enrol their children in services not meeting standards if this is the only option in their local area. This also provides incentive to improve quality across the sector.
- Supply of services should also include consideration of the distance between services as an indication of access. The land size of the 'local area data' they are intending to use can be quite variable from a single suburb in an inner city, to an expanded area around a regional town. Travel time can count as an access barrier for many families, especially if they also have children of school age and therefore multiple drop off locations.
- CELA considers the 'childcare desert' metric of less than 0.333 places per 0-4 year old child should inform decisions about where supply is needed.

7. We seek your feedback on the proposed indicators and KPIs for supply shortage in Table 2.3.

- A supply KPI should include measures which indicate the availability of qualified educators and teachers. The workforce shortages can limit the supply of places as services may need to cap enrolments if there are insufficient staff to cover the total number of licensed places. A reduction in the number of advertised staff vacancies, shown in Jobs and Skills Australia Internet Vacancy index would be an appropriate measure. Where possible an indicator of the length of time it takes to fill vacancies where should also be included. This will indicate areas where supply of places may be significantly impacted by barriers to attract qualified staff.

8. We seek your feedback on the dimensions proposed in Table 2.4 for reviewing the affordability and accessibility of early childhood education and care services in NSW. Are there others that should be considered? What are your views on the level of detail?

- As mentioned above we recommend that data sources on vacancies should be taken from the Starting Blocks website which is government – instead of Care for Kids which is commercial.

- Dimensions to review affordability and accessibility should include measures of available places. Utilising a measure of the number of available places per child can indicate whether it is physically possible for a child to access an ECEC service in their local area.

9. We seek your feedback on the proposed indicators and KPIs to address affordability and accessibility in Table 2.5.

- As mentioned above. An indication of workforce supply is a measure of accessibility. A count of licensed places may be different to the actual places a service can offer due to workforce shortages.
- Accessibility indicators may need to include time on waiting lists – especially for children with inclusion support needs. CELA’s members report that some families indicate that not all services are facilitating access to children with additional needs due to the gap in costs versus funding received. For services that do accept children with additional needs this means cross subsidising the additional cost through higher fees to all families. A reduction in time on waiting lists for families with children with additional needs would indicate a greater level of inclusion across the sector.

10. We seek your feedback on the dimensions proposed in Table 2.6 for reviewing the early childhood education and care workforce in NSW. Are there others that should be considered? What are your views on the level of detail?

- Workforce dimensions should include a measure of the number of staff covered by workplace agreements – This is available via the Fair Work Commission (numbers of agreements) as well as via the Australian Bureau of Statistics - Employee Earnings and Hours Australia data. Levels of enterprise agreement coverage can indicate the presence of higher wage rates, better conditions and higher levels of employee engagement – all of which significantly contribute to greater attraction and retention.
- Along with graduation rates to measure the level of new educators and teachers entering the sector, enrolment rates should also be measured. Higher enrolment rates can indicate improved perception of the sector and the measure of future workforce supply. Where there is significant discrepancy between enrolment and graduation rates, it can indicate there are barriers to completion which must be addressed.
- As mentioned above, measuring the number of advertised vacancies and the amount of time taken to fill the vacancy is an important measure of demand for qualified staff.
- For the specific indicators included in Table 2.7, the increase in numbers of qualified educators working in the ECEC sector should not just measure levels of Certificate III qualified staff. The National Quality Standards require 50% of staff to hold a diploma qualification or higher. Current indications from CELA members are that there is a growing shortage of Diploma qualified staff compared to other qualification levels.
- In addition to those included in table 2.7, indicators of the weekly wage should include the rates set via the Award including annual minimum wage reviews. There should also be inclusion of major sector agreements including the proposed National Long Day Care Multi-Employer Agreement. These outcomes are available via the Fair Work Commission.
- Linking the dimensions to ratings of service remoteness can provide an indication of geographical factors in workforce supply and demand. This is important when targeting

interventions.

11. We seek your feedback on the dimensions proposed in Table 2.8 for reviewing the distribution of quality early childhood education and care services in NSW. Are there others that should be considered? What are your views on the level of detail?

- CELA agrees that staffing numbers and levels of qualifications is a key indication. Services which are above ratio can provide higher quality through greater consistency, time off the floor for training and observations as well as manageable workloads and more one: one time with children.

12. We seek your feedback on the proposed indicators and KPIs related to the quality of early childhood education and care services in Table 2.9.

- Indicators of access to professional development for all qualification levels is also a key determiner of quality. Access to professional learning improves practice and is also a demonstrated way to improve attraction and retention of staff, contributing to greater consistency and better connections between staff and children.
- The description for the final KPI in table 2.9 should not be described as a 'more even distribution of quality ratings. The quality rating system was designed to encourage continuous improvement for all, not a distribution of standards. The ambition should reflect this as a continuous improvement of standards across all locations and reduction in services not 'meeting' minimum standards. Reductions in the issuing of waivers in services is also an indicator of improved quality.

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