



**Early Learning  
& Care Council  
of Australia**

# **ELACCA Submission to IPART: Independent Market Monitoring Review – Methodology Paper**

**October 2023**



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The Early Learning and Care Council of Australia (ELACCA) welcomes the opportunity to submit our response to the IPART's proposed methodology paper for their Independent Market Monitoring review.

## About ELACCA

The Early Learning and Care Council of Australia (ELACCA) was established to promote the value of quality early learning and care as an integral part of Australia's education system. Our 19 CEO members include some of the largest early learning providers in the country, representing both not-for-profit and for-profit services.

ELACCA members operate 1,984 long day care services, 310 preschool/kindergarten services and 92 OSHC services, covering every state and territory. They offer one-quarter of all the early learning places in Australia. Together, our members serve 369,776 children and their families, and employ more than 56,708 staff.

As well as promoting the value of quality early learning and the need for greater public investment, ELACCA advocates for the right of all children to access quality early learning and care, particularly children facing disadvantage. We do this by drawing on the knowledge and practical experience of our members and representing their views to decision makers in government, the media and the public.

## ELACCA response to IPART methodology paper key questions

ELACCA notes that this methodology will inform IPART's market monitoring review which looks at:

- areas where there are childcare supply shortages, or where parents face higher barriers to working due to the affordability and accessibility of childcare.
- the childcare sector including workforce, pay and conditions and quality standards.

ELACCA also notes the importance of this initial review as a baseline data to measure future trends. ELACCA and members made the following comments, in response to the key questions posed in the paper.

- 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?**
- 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?**

In response to Table 2,1, we offer the following feedback and insights:

- Recommend using provider types consistent with categories and definitions used by ACECQA.
- Regarding priority cohorts:
  - Suggest using AEDC data for more outcome focused information about priority groups or areas. Adding an outcome measure appears more solid than trying to identify priority groups and by socio-economic parameters (for example, CALD) only.
  - We query if family CCS percentage would be a more direct measure/indicator of socio-economic disadvantage for this exercise. In addition, CCS data does not include families who are not eligible for CCS, this will result in an undercount.
  - Suggest including NDIS data.

### **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.**

The vacancy calculation will be particularly tricky.

ELACCA strongly recommends avoiding reliance on data supplied by a commercial third party, and would preference Starting Blocks.

With regard to vacancies, it is important to consider:

- Places available by age range (0-2, 2-3, 3-5), noting that vacancies are usually lower in the 0-2 rooms.
- Consider including workforce availability as a limit to supply, including the training funnel

By extracting licensed places and attendance data by CCS, IPART should be able to calculate vacancies by first principles to an SA2 level.

It should also be noted that attendance patterns of children across the week vary – the concept of a ‘childcare desert’, is somewhat misleading, and can be shaped by parents and carers unable to access their preferred days of care. Modelling by IPART will need to consider this. There may be availability at the service on non-preferred days, thus, not a lack of supply.

Workforce shortages in the current climate also need to be taken into account. For example, some rooms have needed to be closed for an extended, ongoing period. Vacancies can be due to lack of workforce, not lack of demand.

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

### **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?**

One member recommended Gap Maps<sup>1</sup> as a helpful independent data source. It can be used to see current Development Approvals (DAs) at local government level, including status, indicating the pipeline of development.

ELACCA highlights that ‘participation rates’ are not a good measure and should be avoided by IPART. It assumes 100% of the population want to participate and doesn’t recognise choice as a key factor.

Preschool participation, the year before school is likely to have a much high participation rate. 0-4 is a very different equation. Many more families opt-in, but still not 100% want to participate. Participation rate is an assumption of availability and choice. To measure unmet demand, you need a KPI that doesn’t measure choice.

Industry occupancy could be a more useful measure than participation for IPART consideration by a consensus threshold, such as:

- 95% and above indicates serious constraint on supply.
- 85% and above indicates choice may be limited. This would be better than participation.

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<sup>1</sup> [https://www.gapmaps.com/?gclid=EAlaIQobChMlofDZ9KPcgQMV584WBR0ZmAuyEAAAYASAAEgJCXfD\\_BwE](https://www.gapmaps.com/?gclid=EAlaIQobChMlofDZ9KPcgQMV584WBR0ZmAuyEAAAYASAAEgJCXfD_BwE)

- 75-85% occupancy there is likely capacity every day across the centre (may differ with age).

ELACCA notes that in the IPART workshop, it was acknowledged that waiting list data (where available) is an unreliable measure of demand – ELACCA supports this view.

**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?**

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

ELACCA recommends that the undersupply ratio needs to be changed. 1.1 is assuming very normal distribution. ELACCA suggests 2.4 as the minimum threshold. Markets with 1.1 children per licensed place are heavily oversupplied. We don't have 100% participation rate, and children are not attending 5 days a week.

ELACCA's NSW expert data group advised that no less than 2.4 be used for the demand-supply ratio. This is based on a 70% ECEC participation rate and 3-days average attendance per week, in which case it would be  $1/(0.7*0.6) = 2.4$  children needed to occupy one place. This is an important consideration, as otherwise, the review's findings will exaggerate any "undersupply" situation.

We note that this will change hugely between long day care and preschool/kindergarten settings, and require more consideration.

Further, a strict demand-supply ratio will be difficult in accounting for different communities. For example, planning for a particular service type may not be the right service to cater for specific community needs, and therefore will not improve participation.

For consideration to be included in Table 2.3 indicators of supply

- Workforce availability including the training pipeline
- Cost of real estate – barriers to entry/capital costs (consideration of the capital costs for set up and ongoing regulatory compliance and maintenance costs).

**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?**

ELACCA notes and recommends using data source other than Care for Kids.

ELACCA supports the measure '% of income spent on services' as a good measure of affordability.

ELACCA does not support benchmark pricing, as indicated in previous submissions to IPART. Benchmark prices are unable to reflect the diversity of cost drivers that differ across settings and demographics, and are therefore problematic.

Affordability from the provider's perspective could also be considered, including the cost to deliver supply in particular communities, for example where there is a limited capacity for families to pay, or other circumstances that prevent operators from being able to increase supply. In addition, salary costs as a percentage of total costs.

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

State government funding subsidy for preschool/kindergarten should be included in addition to CCS.

Parental workforce participation is important to be measured, and we suggest this is also separated out by parental gender. Maternal workforce participation is traditionally influential in early learning enrolment and attendance. The percentage of double working couples, and also their time fractions could also be considered – noting how many parents if any are working part-time.

Clarification is required for 'count of places', this could be licensed places or actual places available/offered.

It is our view that participation is not a good measure as it is skewed by choice, the table confuses accessibility and participation – they are very different. Participation is complicated particularly for children in families experiencing disadvantage and vulnerability, and other barriers.

Travel patterns (between work and home) can dictate which service a family will choose and there may still be a hangover from Covid, when families chose services closer to home. Services in the Sydney CBD are still struggling with occupancy. Some children are going to two different long day care services – one close to home and one close to the workplace. All of which challenges the assumption that families use long day care in the same way as they use school.

## 10. We seek your feedback on the dimensions proposed in Table 2.6 for reviewing the early childhood education and care workforce in NSW.

ELACCA is comfortable with the table, though suggests the addition of international staff on visas (by class) could be captured.

Further, we note that data is collected by qualification not role. By role analysis would also be beneficial, as our workforce is not a homogenous group of educators/teachers.

We note that adding to the workforce challenges - changing nature of the workforce from full-time to a desire to work part time – increasing the volume of staff, placing greater pressure on services. Competition for ECTs particularly with primary schools, means that some centre-based staff are requesting school holidays off (which they would get if they were working in a school, in addition to higher pay).

Under *Shaping our Future*<sup>2</sup>, an Educator Register is proposed, and likely to provide information to ACECQA.

Hard to staff locations could also be considered. These areas exist in more rural and metropolitan parts of NSW. Some ELACCA members are taxiing staff from home to services in metropolitan areas, for example the Northern Beaches, and paying staff for their travel time.

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<sup>2</sup> <https://www.acecqa.gov.au/sites/default/files/2021-10/ShapingOurFutureChildrensEducationandCareNationalWorkforceStrategy-September2021.pdf>

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**11. We seek your feedback on the proposed indicators and KPIs related to the early childhood education and care workforce in Table 2.7.**

ELACCA is comfortable with the proposed KPIs.

**12. 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.**

ELACCA supports the NQS and National Law, and in particular the nation leading ECT ratio specific to NSW.

Regarding Table 2.8, we note:

- The length of time between ratings is missing.
- In addition, size of service, as well as any other information (e.g. location) about the service is missing.
- The number of children on an inclusion plan, could also be captured.
- Waivers, and waivers by qualification, missing.
- Number of trainees in a service, and if they are included in the ratios.
- Hours of employment for the qualified staff also to be measured.

**13. 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.**

With regard to Table 2.9:

- Clarification on what is meant by “more qualified staff per child” –this could be expressed differently. For example, “Increased proportion of qualified staff per child”.

ELACCA appreciates the opportunity to provide feedback on the proposed methodology. If you would like to clarify any of the content in this submission, please contact:

[Redacted contact information]

or

[Redacted contact information]

Thank you for considering our submission.



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