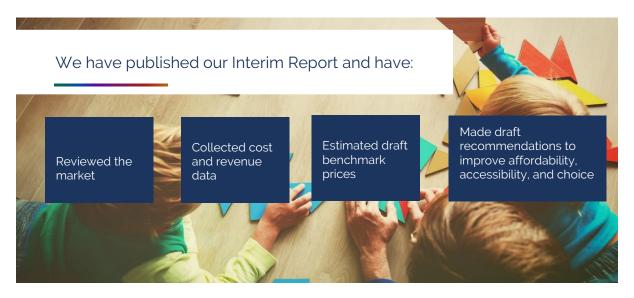


Affordable, accessible early childhood education and care

20 October 2023



Our draft findings and recommendations are about NSW services for children aged 0 to 12 years:



Long day care, family day care and occasional care (0 to 5 years)



Preschool (3 to 5 years)



Outside school hours care (5 to 12 years)

We welcome your feedback

Let us know what you think of our draft findings and draft recommendations by taking our survey or providing feedback by 17 November 2023, and/or attending our online public hearing on 30 October 2023.

<u>Take our survey or provide</u> <u>feedback »</u>

Register for public hearing »

See Interim Report to read more »

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders both past and present. We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

Our draft recommendations aim to improve affordability, accessibility and choice in NSW

High quality early childhood education and care is a critical issue for NSW families. It is closely linked to better long-term educational outcomes for children and increased workforce participation, especially for women.

In April 2023, we released an Issues Paper seeking feedback on early childhood education and care affordability, accessibility, and consumer choice in NSW. We received 31 submissions and over 1,000 survey responses, as well as other feedback expressing concerns about how services are funded, workforce shortages, affordability, increasing costs, and barriers to inclusion.

We have also received and analysed data about the sector from service providers, the Commonwealth Government and the NSW Government.

Our review has identified 4 overarching draft findings that drive affordability, accessibility and choice in NSW, and made 3 corresponding priority draft recommendations.

- We consider an integrated approach between state, territory and Commonwealth
 governments is needed to address funding system complexity and fragmentation and
 support services that enable both workforce participation for parents and inclusive early
 learning for children.
- Workforce availability and expertise are also critical to the supply and accessibility of quality services. We suggest a workforce strategy that focuses both on ensuring enough educators are available to provide the services that are needed, and that educators are enabled to deliver those services at high quality.
- We have also found there is a need for a digital service and data strategy so families can more easily find, choose and use services that meet their needs, and providers and governments can make better informed decisions.

We have also made draft recommendations relating to specific aspects of accessibility, affordability and choice, in particular to improve flexibility for families and inclusion through targeted supports for children and families experiencing disadvantage and/or vulnerability.

The rest of this Information Paper summarises our draft findings and draft recommendations on specific issues that we have investigated as part of our review.

We welcome feedback on our draft findings and draft recommendations before finalising our report in December 2023.

Factors driving accessibility and choice of services

Issues

Draft findings summary

Draft recommendations summary

Availability and choice



There is under-utilised capacity in some services.

Families need more flexible options and would benefit from more workplace support.

Remote families face more barriers.

The Government should develop a digital tool to make places available for occasional and casual bookings.

The NSW Department of Education should design Department preschool hours to suit the needs of the community.

Inclusion



There is scope to improve allied health service provision in early childhood services.

Aboriginal Community-Controlled Organisations provide culturally supportive education and family support services. The NSW Government should:

- ensure services can provide inclusive education and care
- ensure provision of culturally safe and inclusive education and care
- develop and implement a model and system for wrap-around support for children and families experiencing disadvantage and/or vulnerability.

Information



Families need more meaningful information about the inclusive practices of services.

Rating information is not routinely shared.

Digital literacy and access can impact families' ability to navigate and engage with the system.

The NSW Government should:

- as part of the digital strategy, ensure families can more easily find, choose and use services that meet their needs
- advocate for the National Quality
 Standard to highlight inclusion
- provide information on services at Service NSW.

Funding arrangements



There is scope to improve the design of existing funding programs to better support inclusion.

The NSW Government should review funding programs and grants that support accessibility and inclusion.

Tell us what you think about our draft recommendations »

See Chapter 4 of our Interim Report for more information on accessibility and choice.

Factors driving affordability of services

Out-of-pocket costs

Issues



Draft findings summary

Available subsidies may not be adequate for some families, especially for those experiencing high levels of disadvantage and/or vulnerability.

There are additional out-ofpocket costs associated with vacation care that are often not subsidised.

Out-of-pocket costs influence parents' employment decisions.

Draft recommendations summary

The NSW Government should:

- recommend the Commonwealth Government consider additional support for families experiencing disadvantage and/or vulnerability, children in out-of-home care, and asylum seeker status families
- require OSHC providers to include excursion costs as part of advertised
- as part of its digital strategy, work to improve data transparency, collection and sharing arrangements to inform family decision-making.

Funding arrangements and provider costs



The Child Care Subsidy (CCS) activity test is a barrier for some families.

The CCS application process is difficult to navigate.

Families experiencing disadvantage and/or vulnerability would benefit from additional support.

The NSW Government should recommend the Commonwealth Government simplify the CCS application process and review the activity test requirement and eligibility criteria.

Tell us what you think about our draft recommendations »

See Chapter 5 of our Interim Report for more information on affordability.

Factors driving supply of services

Issues

Draft findings summary

Draft recommendations summary

Quantifying demand for services

Providers use population levels as an indicator of demand.

Remoteness of a location is associated with a lower number of places per school-aged child. The NSW Government should, as part of its digital strategy, advocate to the Commonwealth Government to provide access to CCS attendance and enrolment data to inform planning.

Different providers respond to different incentives

For-profit services are more likely to establish in areas with more economic resources.

There are more preschools and fewer long day care centres as remoteness increases and population centres are more isolated.

The NSW Government should consider appropriate incentives to ensure sufficient services are available across NSW.



Workforce availability

Recruitment and retention of workers is an issue across the sector.

There is opportunity to progress the National Workforce Strategy.

Staff absences can significantly impact families.

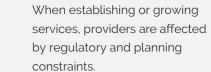
The NSW Government should:

- update its Early Childhood Education Workforce Strategy
- recognise the value of a diverse workforce, including Aboriginal and Torres Strait Islander culture and language.

The Department should develop a short-term educator relief policy for services.

Other factors

Not-for-profit services lack access to capital.



There may not be suitable premises available.

The NSW Government should:

- review the process and criteria for applying for capital grant funding
- investigate better coordination of regulatory and planning processes.

The Department should explore partnerships with providers to co-locate services on school premises in regional NSW.



Tell us what you think about our draft recommendations »

See Chapter 6 of our Interim Report for more information on supply.

Provider costs and revenue in delivering services

Draft findings summary Issues Draft recommendations summary Revenue from The current funding system Australian state, territory and fees and for early childhood education Commonwealth governments should government and care services is complex work together to develop an integrated funding and fragmented. funding approach. The NSW Government should, pending a national review of the funding system for early childhood education and care, in the short term, review all NSW funding programs and grants for the early childhood education and care sector. Data Data sources for cost and The NSW Government should as part of transparency, revenue data are varied. its digital strategy, work to improve data collection and transparency, collection and sharing sharing fragmented, hard to access, and often inconsistent. arrangements. Reliable government administrative data on funding other than CCS is fragmented and difficult to aggregate and reconcile. Tell us what you think about our draft recommendations »

See Chapter 7 of our Interim Report for more information on costs and revenue.

Estimating benchmark prices for services

We have estimated benchmark prices for services (before subsidies for families are applied) using two different methods:

- We analysed data on actual fees paid for services by families in NSW.
- We analysed data on provider costs to build up an estimate of the cost per place.

Our estimates are limited by data quality and completeness as well as other factors and assumptions we have made. They are based on the best available data and serve as a starting point for families, providers and policymakers wanting to measure, compare and understand fees for early childhood services in NSW at a high level.

In some cases, the draft benchmark estimates based on the cost per place are higher than the draft benchmark estimates based on actual fees paid. This can be due to several factors including that the cost per place estimates do not deduct subsidies, grants or funding that services may receive directly. Actual fee estimates may also include discounts that providers apply for certain days or if more than one child attends.

Draft benchmark price estimates

		Actual fees method		Cost per place method	
		\$/hour	\$/day	\$/hour	\$/day
	Long day care	\$12.63	\$126	\$11 to \$20	\$110 to \$195
BC	Family day care	\$12.60	\$126	\$13 to \$20	\$135 to \$200
			Morning: \$17		Morning: \$10 to \$15
	OSHC	\$8.52	Afternoon: \$26	\$4 to \$8	Afternoon: \$15 to \$25
V			Holidays: \$85		Holidays: \$45 to \$80
	Community preschool	N/A	\$48	\$11 to \$18	\$90 to \$140

See Chapter 8 of our Interim Report for more information on draft benchmark prices.