

# early childhood education and care in nsw: a better direction

19 March 2018



Australian Childcare Alliance  
New South Wales

A Briefing Paper  
for the NSW Government's consideration  
from the Australian Childcare Alliance NSW

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## executive summary

According to the most recent NAB Quarterly Consumer Behaviour Survey<sup>1</sup> (released in February 2018), the constantly rising cost-of-living continues to be a central concern for Australian households as fuel, childcare and energy prices continue to surge. But for the first time Australians have been clear that they need an extra \$207 per week – or \$10,764 per year – on top of current income in order to ease the average household's cost-of-living pressures. NSW residents said they needed the most out of any Australian state at \$221 more per week. And most importantly, those with children need an average of \$258 more per week, significantly more than the \$191 reported by those without children.

Based on the Australian Bureau of Statistics' 2016 Census, there are 2,033,495 children nationally and 646,133 children in NSW aged 0-5 years old.

With the above in mind, the Australian Childcare Alliance (ACA) NSW is concerned that NSW specific regulations and processes for early childhood education and care providers and services are adding more costs to the operations, and ultimately childcare fees. This in turn fuels families' concerns about rising cost-of-living issues especially for parents.

Following the introduction of the Children (Education and Care Services National Law Application) (NSW) Act 2010 and the corresponding Education and Care Services National Regulations (NSW), NSW children and their families have largely seen childcare fees continually increasing over the last 8 years, to the point now where they are just as or more expensive than elite private schools in Sydney (see Appendix C).

Of concern is the Organisation for Economic Co-operation and Development (OECD)'s Starting Strong 2017 Key Indicators on Early Childhood Education and Care report placing Australia below the OECD average when it comes to enrolment rates for three- and four-year-olds, and it ranks 30<sup>th</sup> out of 35 countries when it comes to spending on

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<sup>1</sup> NAB Australian Consumer Behaviour Survey (2017Q4) (Feb 2018) (see <https://business.nab.com.au/wp-content/uploads/2018/02/Consumer-Behaviour-Survey-Q4-2017.pdf>)

early childhood as a percentage of GDP. Moreover, the OECD's head of early childhood education research Eric Charbonnier said "the proportion of household expenditure on childcare in Australia was the highest in the world."<sup>2</sup>

ACA NSW had also conducted a second Annual Early Learning & Childcare Services Survey<sup>3</sup> (see also Appendix A) which showed a number of concerns resulting from the National Quality Framework (NQF), including 62% believed staff were spending over a third of their time on administrative tasks, 51.23% stated that it had a negative impact on costs to services, and 61.52% believed the NQF had a negative effect on time spent on paperwork.

Although the original intention was for all Australian states and territories to have a nationally consistent regulatory approach for all early childhood education and care services, the reality today is that it is not consistent, with NSW carrying the most-costly regulations compared to any other services across other jurisdictions.

The NSW Government's Early Childhood Education and Care framework has the following unique features:

1. requirement to employ up to 4 degree-qualified teachers in NSW compared to up to 1 degree-qualified teacher for the same number of children in all other Australian jurisdictions;
2. a new NSW Enhanced Approval Process that adds up to 60 days to become an Approved Provider and another up to 90 days for opening a new service;
3. the same NSW Enhanced Approval Process requires all directors of a company and both partners in partnerships to sit an examination despite the Children (Education and Care Services National Law Application) Act 2010 (NSW)'s obligation only on certain person(s) with management and control;
4. an inconsistent payroll tax obligation where community/not-for-profit services are exempt but can charge the same childcare fees as privately-owned services (and the majority of services in NSW are privately-owned services);

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<sup>2</sup> Herald Sun (28 Oct 2017) – "Australian childcare fees are among the world's highest" (see <http://www.heraldsun.com.au/lifestyle/parenting/australian-childcare-fees-are-among-the-worlds-highest/news-story/7714063cd3a0e28c54712502b5225919>)

<sup>3</sup> ACA NSW 2017 Annual Early Learning & Childcare Services Survey (see <https://nsw.childcarealliance.org.au/news/256-2017-annual-early-learning-childcare-services-survey>)



5. a new State Environmental Planning Policy (Educational Establishments and Child Care Facilities) 2017 that can worsen childcare oversupply<sup>4</sup>;
6. childcare oversupply in significant enough areas of Sydney, Newcastle, Illawarra and Coffs Harbour are putting upward pressures on childcare fees in order to pay for NSW's intrinsic higher operating costs as well as NSW's higher costs of childcare regulations;
7. it allows 1,344 (almost 25%) of all services to be rated as Working Towards and not Meeting the National Quality Standard, of which 861 (16.7%) have not been re-assessed and re-rated for more than 2-6 years;
8. Approved Providers are not formally advised when breach notices issued by the NSW Department of Education have been either resolved or withdrawn leaving them in limbo and unsure if they are still under investigation;
9. NSW has the lowest participation rate of all states and territories in an early childhood education program for the year before school. Commonwealth and state funding that has been allocated for this has not been distributed in the same way as other states and territories; and
10. the ambiguities of tendering processes for out-of-school-hours-care, as well as how providers are regulated for school-aged (not 0-5 year old) children are resulting in uncertainty for providers and families.

The Australian Childcare Alliance (ACA) NSW has assembled 14 recommendations for the NSW Government's consideration, plus a request for the early childhood education and care sector to be considered via the NSW Regulatory Sandbox program or the NSW Productivity Commission, while using the National Partnership for Regulatory Reform funding for NSW.

NSW has been at odds with national norms despite being under the National Quality Framework without being able to prove how such more costly regulatory requirements can be justified, let alone at the expense of childcare affordability. Nevertheless, ACA NSW urges the NSW Government to work within the still evolving National Quality Framework, and encourages new amendments that take into account the unique

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<sup>4</sup> ACA NSW submission (7 April 2017): Draft Education and Childcare State Environmental Planning Policy (SEPP) can create more childcare oversupply (see [https://nsw.childcarealliance.org.au/images/Documents/Submissions/2017-04-07 - ACA\\_NSW\\_submission\\_to\\_NSW\\_Planning\\_re\\_Draft\\_SEPP.pdf](https://nsw.childcarealliance.org.au/images/Documents/Submissions/2017-04-07_-_ACA_NSW_submission_to_NSW_Planning_re_Draft_SEPP.pdf))

circumstances in NSW and fulfils the promise of access to affordable quality early childhood education and care for NSW children and their families.

## 1.0 about aca nsw

The Australian Childcare Alliance (ACA) NSW is the peak body for privately-owned early childhood education and care services in New South Wales. We provide advocacy, policy and regulatory support and advice, member support and professional development for our members across the state.

ACA NSW members are privately-owned long day care services, with approximately 65% of members being metropolitan-based. Our members operate about 1,600 childcare services, employ over 20,000 employees, and are committed to providing excellence in early childhood education and care for the more than 100,000 families we provide essential services to.

ACA NSW aims to:

- equip members with the information and resources to assist them in delivering high quality early childhood education and care;
- positively influence policy and legislation to achieve high quality, accessible, affordable early childhood education and care for children and their families; and
- enable members as small businesses to be financially sustainable and contribute towards the national gross domestic product while caring for, educating, developing and nurturing the children.

ACA NSW is a proud member of the Australian Childcare Alliance, advocating for the future of Australia's children and working to ensure that families and their children have an opportunity to access quality, affordable early childhood education and care (ECEC) throughout Australia. Alongside our peer state bodies, we collectively represent more than 2,500 members and approximately 360,000 families throughout Australia. Notwithstanding, we work on behalf of long daycare service owners and operators to ensure families have an opportunity to access affordable quality ECEC.

Additional issues ACA NSW and ACA are also addressing on behalf of its members include:

- the introduction of the Federal Parliament's Jobs for Families (childcare reform) and new Child Care Subsidies beginning 2 July 2018;

- the Education Council's amendments to the National Quality Framework;
- childcare ports;
- the Fair Work Commission's consideration of the Equal Remuneration Order and the Review of the Modern Awards;
- labour shortages;
- the NSW Department of Education's Assessment and Rating process; and
- the NSW Department of Education's new Enhanced Approval Process.

## 2.0 the cost of nsw regulations

NSW has the most expensive regulations in the country. What demonstrable impact has this had on outcomes for children?

Prior to the introduction of the Children (Education and Care Services National Law Application) (NSW) Act 2010 and the corresponding Education and Care Services National Regulations (NSW), the NSW Government consulted the sector and published Regulation Impact Statements<sup>5</sup> which included some references to the cost-benefit analyses conducted. However, on review, those analyses outlined basic and general costs, but lacked the rigorous and measurable benefits in terms of NSW children, families and NSW as a state.

On 1 January 2016, new regulations came into effect lowering the educator:child ratio for 2-3 year old children from 1:8 to 1:5. This resulted in many services charging higher fees for this age group. There appears to have been scant investigation into the cost-vs-benefit analysis of this change, especially when it applied in NSW. Minimal NSW-centric analysis appears to have been undertaken at the time to investigate how these costs would be covered by childcare services and/or how such costs would be passed on as increased fees to parents. The resulting reduction in the availability of affordable childcare places in the under 3 age group also does not appear to have been considered.

It is worth noting that the Commonwealth's Productivity Commission 2014/2015 Report on Early Childhood Education<sup>6</sup> predicted that "... the cost of providing long day care varied significantly depending on the age of the child, with 0 to 2 year olds, on average, more than twice as expensive as children aged 3 to 5 years."

Similarly, given the overarching intention of the then new National Quality Framework to be as nationally consistent when introduced in 2010, there appears to be little cost-

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<sup>5</sup> Decision Regulation Impact Statement for changes to the National Quality Framework (see <http://www.educationcouncil.edu.au/site/DefaultSite/filesystem/documents/Reports%20and%20publications/Final%20NQF%20DRIS%20January%202017.pdf>)

<sup>6</sup> Productivity Commission's Report on Childcare and Early Childhood Learning (31 October 2014) (see <https://www.pc.gov.au/inquiries/completed/childcare/report/childcare-appendixh.pdf>)

benefit analyses conducted by the NSW Government about the differences of NSW-specific requirements that were not reflected in other jurisdictions.

One example is the regulatory requirement for up to 4 degree-qualified Early Childhood Teachers (see Education and Care Services National Regulations (NSW)'s Part 7.3 New South Wales – specific provisions, Regulation 272 Early Childhood Teachers – children preschool age or under<sup>7</sup>). This compares unfavourably against all other Australian states/territories where the maximum number of full-time equivalent degree-qualified Teachers is 1.

As such, ACA NSW requests the NSW Government to table all cost-benefits analyses done to date and urges the NSW Government to adopt the Greiner Report's<sup>8</sup> approach to cost-benefit analyses from the perspective of the educational, economic and social impact to NSW children, their parents and New South Wales as a state in comparison to all other Australian jurisdictions.

**LEAD MINISTER(S): The Hon Sarah Mitchell MLC**

**NSW Minister for Early Childhood Education**

**RECOMMENDATION(S) #1:**

- (a) That the NSW Department of Education be required to publish the cost-benefit analyses in full of any corresponding Regulatory Impact Statements and any regulatory amendments since 2010.
- (b) That the NSW Department of Education be required to publish their cost-benefit analyses for every proposed regulatory amendment for public consultation prior to finalising the regulatory amendments for NSW, using the Greiner Report's approach to cost-benefit analyses from the perspective of the educational, economic and social impact to NSW children, their parents and NSW given the unique operating conditions of New South Wales as a state in comparison to all other Australian jurisdictions.

<sup>7</sup> Regulation 272 Early Childhood Teachers – children preschool age or under (see <https://www.legislation.nsw.gov.au/#/view/regulation/2011/653/chap7/part7.3/div2/reg.272>)

<sup>8</sup> NSW Regulatory Policy Framework – Independent Review (Final Report, August 2017) (see <https://www.treasury.nsw.gov.au/sites/default/files/2018-02/Independent%20Review%20of%20the%20NSW%20Regulatory%20Policy%20Framework%20final%20report.pdf>)

### 3.0 childcare centres where they are needed

It is generally accepted that in a normal market place, when supply outstrips demand, prices would typically begin to decline. This would have been a parallel objective of policymakers to address the genuine as well as misleading claims of an undersupply of childcare.

Misleading, in the sense that while there are/were parents reporting that they were unable to find available childcare, what in fact was occurring for some parents was that they could not find affordable childcare. Costly new regulations have led services to increase their fees and/or reduce/remove places in operationally unviable age groups.

By late 2014, signs of childcare undersupply as well as oversupply had begun to emerge<sup>9</sup>. Furthermore, where childcare oversupply was occurring, childcare fees were increasing because childcare services with a declining number of customers due to excessive competition had to charge those remaining customers more in order to pay for fixed costs, including regulatory costs. And when vacancies rise, quality is at risk<sup>10</sup>, as stated by Community Early Learning Australia.

In innocently trying to address the presumed broad undersupply of childcare, the NSW Government developed and introduced the State Environmental Planning Policy (SEPP) (Educational Establishments and Child Care Services) 2017.

For areas of genuine undersupply, this SEPP successfully ensured that a consistent set of requirements were applied across local government areas. That said, the SEPP in these areas of genuine undersupply of childcare was effectively undermined by the introduction of the NSW Enhanced Approval Process by the NSW Department of

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<sup>9</sup> Daily Telegraph article (7 October 2014), "Sydney childcare vacancies: City parents face huge waiting lists while west struggles to fill places" (<http://www.dailytelegraph.com.au/newslocal/competitions/sydney-childcare-vacancies-cityparents-face-huge-waiting-lists-while-west-struggles-to-fill-places/news-story/60603b4df02917b58305b792a0071d53>).

<sup>10</sup> "Are We Spoilt By Choice? When Vacancies Rise, Quality Suffers" (22 June 2017) (See <https://www.cela.org.au/2017/06/22/are-we-spoilt-by-choice-when-vacancies-rise-quality-suffers/>)



Education. Whatever gains made by the SEPP were often lost by the delays caused by the NSW Enhanced Approval Process.

As outlined in Appendix B, since the introduction of the SEPP, the number of services increased by 49 (0.92% from 5,343 to 5,392). And the corresponding number of places increased by 6,959 (2.54%) from 274,339 to 281,298. Even using the forecast from NSW Planning Minister, the Hon Anthony Roberts MP, of 2,700 more long daycare centres needed by 2036<sup>11</sup> (ie an average of 142 new centres per year), the new SEPP may in fact be showing signs of being undermined by the NSW Enhanced Approval Process.

Ideally, a planning system addressing these issues and ensuring that a measured approach to introducing new childcare centres based on genuine demand be adopted. ACA NSW recommends revisiting the planning system that was implemented during the Howard Federal Government in 1998-1999 which prioritised approval of Commonwealth funding (ie Child Care Benefits and Child Care Rebates) towards those new applications that can demonstrate they were addressing unsatisfied demand. Examples of government supported planning systems can be seen in the current Pharmacy Location Rules<sup>12</sup> and through the Aged Care Approval Rounds<sup>13</sup> which guide where new pharmacies and aged care facilities respectively can be established. Both processes are supported by the Federal Department of Health. Like childcare, the biggest financial contributor in both these sectors is the Commonwealth Government through significant taxpayer subsidies.

Even if a national planning system seems too complex, simple NSW-specific solutions exist.

Introducing a proximity requirement of 1 km separation for new childcare services would help avoid the irrational situation of childcare centres being built next door to or nearby each other and all of them operating at low capacity – therefore all of them having to increase fees. The reasons why new childcare centres would be built near existing ones when there are not enough children in the area to fill them is complex

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<sup>11</sup> Minister's Forward, Draft Child Care Planning Guideline (February 2017) (see <http://www.planning.nsw.gov.au/~media/Files/DPE/Guidelines/draft-child-care-planning-guideline-2016-12.ashx>)

<sup>12</sup> Pharmacy Location Rules and the Australian Community Pharmacy Authority (see <http://www.health.gov.au/acpa>).

<sup>13</sup> See <https://agedcare.health.gov.au/aged-care-funding/aged-care-approvals-round-acar>.

and could be a result of a number of factors including the property boom and the restrictions on foreign investment in residential property, increasing government investment in the childcare sector being seen as “guaranteed income streams” and others.

It should also be noted that there remain concerns about how childcare services are considered and approved in medium and high density residential, mixed-use and commercial buildings. Absent are industry accepted and consistent standards on the minimum separations between such childcare services, children’s need for outdoor spaces with direct sunlight, and emergency evacuation procedures. With more NSW-citizens living and working in higher density environments, for the sake of its young children, ACA NSW asks the NSW Government consult all stakeholders in order to update and set consistent requirements for such environments for future childcare services.

The SEPP as it currently stands, allows new services to be established with minimal consideration for the impact on local residents and communities. Removing family day care services from the SEPP would allow local governments to once again manage such home businesses and balance their benefits against the impact on their neighbours.

ACA NSW also recommends that the NSW Government, in consultation with the sector, utilise the NSW Regulatory Sandbox program and/or the NSW Productivity Commission, leveraging the National Partnership for Regulatory Reform funding, to develop appropriate maximum size and other planning requirements for new childcare services. There is research evidence that proves that childcare centres with more than 75 places can have a detrimental effect on young children aged 0-5 years old and on the educators who work in them. In NSW, the largest childcare centre thus far approved on 17 January 2017 has a capacity of 300 places. Such larger centres can be bigger than many primary and secondary schools and we have to consider whether this “herding” of small children into one space in order to maximise financial and operational requirements is what we want for our community.

During the NSW Regulatory Sandbox process or via the NSW Productivity Commissioner considering converging planning and Early Childhood Education and Care

process, it is envisaged that a superior, time-efficient, predictable and harmonised process is proposed for adoption.

**LEAD MINISTER(S):**    **The Hon Anthony Roberts MP**  
                                      **NSW Minister for Planning**

**The Hon Sarah Mitchell MLC**  
                                      **NSW Minister for Early Childhood Education**

**RECOMMENDATION(S) #2:**

- (a) Update the SEPP to include a minimum proximity requirement of 1 km separation for new childcare centres relative to existing centres.
- (b) Review the SEPP and Regulations for future services in medium and high density residential, mixed-use and commercial buildings, in particular the minimum separations between such childcare services, children's need for outdoor spaces with direct sunlight, and emergency evacuation procedures.
- (c) Remove family day care as a type of childcare facility under the SEPP and allow them to once again come under the purview of local councils as home-based businesses.
- (d) Use the NSW Regulatory Sandbox process to streamline approvals of new childcare services in areas of need and reduce the costly impact of oversupply.
- (e) Given the Commonwealth's responsibility of distributing childcare subsidies to parents and services, the NSW Government ask the Federal Government to consider emulating the national planning system used in 1998-1999 to regulate approvals of new services.

## 4.0 toward a more informed sector

One of the challenges faced by existing and new childcare service providers to address genuine demand is the absence of detailed market data, in this case occupancy data.

Already, all Australian childcare service providers are obligated to submit their occupancy level forecasts every week for each service so that the Federal Department of Education and Training can publish whether there are vacancies or not in each service through its MyChild website<sup>14</sup>. However, such indications do not provide exactly how many places are available for every service, whether there is one or more places vacant.

This has led to the market relying on speculative data to make financial decisions. This has, in turn, given rise to a number of new and existing services failing and closing down at significant cost to owners as well as children and their parents who now have to find alternate and at least equally affordable childcare services. And in almost all childcare oversupply areas, affordable places can remain difficult to find.

ACA NSW is asking the NSW Government to request the Federal Department of Education and Training to produce aggregated data of occupancy levels for all local government areas at least on a monthly basis. As this data is already collected weekly, publishing the information should be a simple matter. This would greatly assist existing and new service providers in being better informed.

**LEAD MINISTER(S):**    **The Hon Sarah Mitchell MLC**

**NSW Minister for Early Childhood Education**

**RECOMMENDATION(S) #3:**

(a) That the NSW Government requests Senator the Hon Simon Birmingham (as Federal Minister for Education) to publicly publish aggregated data of occupancy levels for all local government areas at least on a monthly basis.

<sup>14</sup> Federal Department of Education and Training's MyChild website (<https://www.mychild.gov.au/>).

## **5.0 toward consistent requirements of degree qualified early childhood teachers**

Under the Children (Education and Care Services National Law Application) (NSW) Act 2010 and the corresponding Education and Care Services National Regulations (NSW) Regulation, NSW is at odds with all other Australian jurisdictions, imposing on NSW-based childcare services the regulatory requirement for up to 4 degree-qualified Early Childhood Teachers (see Education and Care Services National Regulations (NSW)'s Part 7.3 New South Wales – specific provisions, Regulation 272 Early Childhood Teachers – children preschool age or under<sup>15</sup>). This compares unfavourably against all other Australian states/territories where the maximum number of full-time equivalent degree-qualified Early Childhood Teachers is 1.

ACA NSW has so far been unable to determine why NSW Government needs these additional number of degree-qualified Early Childhood Teachers on the basis of educational superiority or the educational disadvantages of children when compared with other states/territories,

Consequently, in light of the upcoming national standard of 2 full-time equivalent, degree qualified Early Childhood Teachers beginning 1 January 2020 in all other Australian states/territories, ACA NSW is asking the NSW Government impose temporary sector-wide waivers for all service providers until 1 January 2020 so that NSW can be on par with all other states/territories, with a maximum requirement of up to 1 full-time equivalent degree-qualified Early Childhood Teacher. After 1 January 2020, NSW should then follow all other states/territories with the new requirement of 2 full-time equivalent degree qualified Early Childhood Teachers.

Moreover, the Federal Department of Employment has confirmed a labour shortage of Early Childhood Teachers<sup>16</sup> that have a greater negative impact on NSW due to its

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<sup>15</sup> <https://www.legislation.nsw.gov.au/#/view/regulation/2011/653/chap7/part7.3/div2/reg.272>

<sup>16</sup> Federal Department of Employment Report (April 2017) on labour shortages of Early Childhood Teachers (see [https://docs.jobs.gov.au/system/files/doc/other/241111earlychildhtchrnsw\\_2.pdf](https://docs.jobs.gov.au/system/files/doc/other/241111earlychildhtchrnsw_2.pdf))

higher regulatory requirements. As a direct consequence, many childcare services are resorting to importing overseas ECTs as cost efficiently as possible and often without experience, and then ironically, relying on Australian diploma-qualified teachers with experience instead, to lead their educational program and teach children.

It should also be said that all governments should not only assist with creating adequate supply but also the quality of degree and diploma qualified early childhood teachers, with the potential of reviewing the curriculum of those courses. Also, if necessary, the NSW Educational Standards Authority (NESA) and the Australian Children's Education and Care Quality Authority (ACECQA) should produce an expanded list of pre-approved overseas universities and tertiary institutions' degree and diploma courses whereby their graduates would be automatically accepted by NESA and ACECQA to work as Early Childhood Teachers and educators.

In the meantime, ACA NSW is asking the NSW Government to emulate the other Australian jurisdictions as quickly as possible. This will assist with reducing the cost of childcare and help address childcare affordability, especially when there is an existing labour shortage.

**LEAD MINISTER(S):   The Hon Sarah Mitchell MLC**

**NSW Minister for Early Childhood Education**

**RECOMMENDATION(S) #4:**

- (a) That the NSW Department of Education impose temporary sector-wide waivers for all service providers to 1 January 2020 so that NSW can be on par with all other states/territories, ie a requirement of up to 1 FTE degree qualified ECTs.
- (b) That from 1 January 2020 onwards, the NSW Minister for Early Childhood Education and Care amend the NSW regulations to require 2 full-time equivalent ECTs, similar to all other Australian jurisdictions.

## 6.0 toward an improved enhanced approval process

An earlier version of the NSW Enhanced Approval Process was introduced on 1 July 2016 in an initiative to ensure new entrants to the childcare sector are fully cognisant of their legal obligations and are fit-and-proper to be responsible for the care of children.

However the Enhanced Approval Process (see <https://education.nsw.gov.au/early-childhood-education/operating-an-early-childhood-education-service/regulation-assessment-and-rating/approvals-process>) has since become an overly complicated and lengthy process and taxpayer funds could be used in far more effective ways. The main issues with this new process include:

- the requirement of business owners, partners, parent committee members and company directors (who have no direct involvement with the day-to-day operations of the childcare service) to sit a test on the Children's Services regulations in order to determine whether they are fit-and-proper individuals;
- the inappropriate implementation of "person with management or control" in the Children (Education and Care Services National Law Application) Act 2010 (NSW)<sup>17</sup> whereby all directors or both partners in a partnership must be assessed via the NSW Enhanced Approval Process;
- [the](#) NSW Department of Education claims that they now use a "risk-based approach" to requiring individuals to sit the test but to date have not shared their risk profile. Surely publishing risk assessment standards and sharing information and educating providers is the best way to minimise risk for children.
- the test being 1 hour 10 minutes when it needs to be longer (preferably at least 1 hour 40 minutes to 2 hours);
- the invitation to sit the test (which is now apparently held twice a month) could take 30 or more days for the next available slot;

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<sup>17</sup> Children (Education and Care Services National Law Application) Act 2010 (NSW) (see <https://www.legislation.nsw.gov.au/acts/2010-104.pdf>)



- confusion as to what documents are required and time taken for decisions to be made by the NSW Department of Education;
- the overall length of time, in particular the delays in being invited to be tested, then up to 60 days to be notified of the test results;
- the additional length of time of up to 90 days to have a new/amended service approval; and
- the NSW Enhanced Approval Process does not exist anywhere outside of NSW. Only Victoria uses a similar method but in a much more efficient manner.

**LEAD MINISTER(S):   The Hon Sarah Mitchell MLC**

**NSW Minister for Early Childhood Education**

**The Hon Anthony Roberts MP**

**NSW Minister for Planning**

#### **RECOMMENDATION(S) #5:**

- That the NSW Department of Education apply its Enhanced Approval Process only to new approved provider applicants and those rated Significant Improvements Required.
- That the NSW Minister for Early Childhood Education introduce an authorised private-certifier scheme and process to augment the NSW Department of Education in speeding up the process of approvals.
- That the NSW Department of Education publish the Risk Assessment process and standards.
- That the NSW Department of Education publish the timeline for the process from application to opening the doors of a new service and create a checklist for all required documents.
- That the NSW Department of Education consult all stakeholders on how else to speed up approvals, including allowing approvals to be made subject to local councils issuing occupancy certificates.
- Jointly with the NSW Department of Planning, that a monthly report be produced showing the overall time taken for every new service provider application,.

## **7.0 the nsw department of education is years behind in their scheduled ratings process**

Since the introduction of the Children (Education and Care Services National Law Application) (NSW) Act 2010 and the corresponding Education and Care Services National Regulations (NSW), NSW and all other states/territories as the Regulatory Authorities are required to assess childcare services with respect to compliance and performance. At the time, the expected timeframe was a re-rating every one, two or three years, depending on the service's result.

The state/territory regulator also rates services as either Not Yet Rated, Significant Improvement Required, Working Towards, Meeting, Exceeding or Excellent in the context of its performance against the National Quality Framework. Such ratings are then required by law to be published<sup>18</sup> by the National Authority (ie the Australian Children's Education and Care Authority (ACECQA)).

Since 15 March 2017, ACA NSW has expressed its concern to the NSW Department of Education's Early Childhood Directorate that there has been and continues to be a significant number of NSW-based services that have been rated as Working Towards but have not been rated for up to now 6 years. Given that the Federal Department of Education and Training's MyChild website<sup>19</sup> is publicly publishing the rating of every service without showing when it was last assessed or rated, parents are under the false impression that the rating is current.

By way of example, as of 7 February 2018, there were 1,344 (24.93%) of 5,392 NSW-based services rated as Working Towards. Of particular concern, there are 861 (16.7%) of all NSW-based services rated Working Towards that have still not been re-assessed and re-rated since their last assessment and rating being in 2016 (2 years ago) or even 2012 (6 years ago). Note that these should have been re-rated within 12 months.

<sup>18</sup> Division 6 – Publication of rating levels. Clause 16 Publication of Ratings (see [http://www.legislation.vic.gov.au/domino/Web\\_Notes/LDMS/LTObject\\_Store/ltobjst10.nsf/DDE300B846EED9C7CA257616000A3571/D38DBD79C4A26CCECA2582270002C054/\\$FILE/10-69aa012%20authorised.pdf](http://www.legislation.vic.gov.au/domino/Web_Notes/LDMS/LTObject_Store/ltobjst10.nsf/DDE300B846EED9C7CA257616000A3571/D38DBD79C4A26CCECA2582270002C054/$FILE/10-69aa012%20authorised.pdf))

<sup>19</sup> Federal Department of Education and Training's MyChild website (see <https://www.mychild.gov.au/>)

Ironically, also as of 7 February 2018, there were 2,185 NSW-based services rated Meeting, Exceeding or Excellent that had their last assessment and rating sometime during 2012 (6 years ago) or as recent as 2015 (3 years ago).

ACA NSW requests the NSW Government to review the NSW Department of Education to ensure that it has adequate resourcing such that all services are assessed and rated no later than every 3 years.

Also, ACA NSW asks the NSW Government to request the Federal Department of Education to amend their MyChild website so that whenever each service's rating is published, the viewer also can see when it was last rated by their Regulatory Authority.

ACA NSW also recommends that the NSW Government's Regulatory Sandbox program or the NSW Productivity Commissioner ensure that a better Assessment and Ratings system can be developed with the focus being a "support toward compliance" approach and less of a punitive tool without diluting the governments' abilities to impose penalties and sanctions when required.

**RESPONSIBLE MINISTER: The Hon Sarah Mitchell MLC**

**NSW Minister for Early Childhood Education**

**RECOMMENDATION(S) #6:**

- (a) That the NSW Department of Education's Early Childhood Directorate is appropriately resourced to ensure all services' assessments and ratings are conducted no later than every 3 years.
- (b) That, on the basis of accuracy, the NSW Department of Education request the Federal Department of Education to publish the corresponding date of when each service was last assessed and rated by their Regulatory Authority alongside its ratings, using the words "lasted rated by the state/territory regulator on" against the relevant date.

## 8.0 toward fairer payroll taxes

Since the introduction of the Goods and Services Tax (GST) on 1 July 2000, all centre-based childcare and in-home care were considered to be educational institutions, and hence their fees do not attract GST. The latest enactment of this is the Commonwealth's GST-free Supply (Child Care) Determination 2017<sup>20</sup>.

However, in NSW, centre-based community and not-for-profit childcare services do not attract payroll taxes, regardless of their childcare fee structures. Yet privately-owned centre-based childcare services in NSW who offer similar educational services are obliged to contribute payroll taxes.

As Early Childhood Education and Care is significantly reliant on labour, such labour costs generally represent about 70% of the services' overall costs.

Particularly when the vast majority of childcare service providers are small family-owned business, ACA NSW is asking the NSW Government to consider increasing the payroll tax threshold to \$2m per financial year for FY2018/2019 onwards for Early Childhood Education and Care Approved Providers on the basis of:

- consistency with similar centre-based community and not-for-profit childcare services; and
- the savings for services will most likely be passed onto parents as downward pressures on childcare fees, increases in educational resources for children, and/or increases in staff wages and services' abilities to hire better staff.

ACA NSW also asks the NSW Government to consider introducing an appropriate indexation scheme for payroll taxes to take into consideration changes in payroll due to regulatory impact and/or Fair Work Commission decisions. For example, since 2014 there are unions who are still seeking to increase wage rates of all childcare employees by 39%-72%<sup>21</sup>

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<sup>20</sup> GST-free Supply (Child Care) Determination 2017 (<https://www.legislation.gov.au/Details/F2017L00389>)

<sup>21</sup> Sydney Morning Herald (19 Sep 2016) – "Early childhood educators protest being paid as little as \$20 an hour" (see <https://www.smh.com.au/business/careers/early-childhood-educators-protest-being-paid-as-little-as-20-an-hour-20160919-grjh6c.html>)

**LEAD MINISTER(S):**    **The Hon John Barilaro MP**  
**NSW Deputy Premier, NSW Minister for Small Business, and**  
**NSW Minister for Skills**

**The Hon Dominic Perrottet MP**  
**NSW Treasurer**

**RECOMMENDATION(S) #7:**

- (a) That the NSW Government increase the payroll tax requirements for all childcare services employers with payroll worth up to \$2m per year.
- (b) That the NSW Government consider an indexation scheme for payroll tax thresholds for all childcare services employers so as to accommodate changes due to regulatory and/or Fair Work Commission decisions.

## **9.0 toward a transparent and fair compliance system**

Following complaints of alleged breaches of the safety, health, wellbeing of children were at risk, or regulations, the NSW Department of Education as the Regulatory Authority is required to conduct visits (commonly known as “spotchecks”) on services to investigate and/or ensure the services’ compliance with the Children (Education and Care Services National Law Application) (NSW) Act 2010 and the corresponding Education and Care Services National Regulations (NSW).

Field Officers of the NSW Department of Education also visit services for the purposes of conducting assessments and ratings.

However, it is ACA NSW’s understanding from members’ feedback that as a result of these visits:

- there appears to be a number of breach notices issued by Field Officers that have been responded to by the Approved Provider(s) but no further response from the NSW Department were given to the Approved Provider as to whether the breach notice was withdrawn, adequately addressed, or still unresolved;
- there is increasing uncertainty as to whether every Approved Provider is aware of all of their breaches/non-compliances, especially those that remain unresolved, as well as those breaches that were withdrawn or adequately addressed would remain recorded as part of the NSW Department of Education’s Risk-Assessment profiling; and
- there is confusion as to how Approved Providers can independently contest the findings of the NSW Department of Education other than via the NSW Civil Administrative Tribunal.

To address the above, ACA NSW is asking the NSW Government to:

- ensure that all Approved Providers are formally informed of the outcome of every breach notice whether they be withdrawn or adequately addressed;

- update their existing Approved Provider IT system so that each Approved Provider can see all their current alleged breaches, withdrawn allegations of unproven breaches, as well as resolved breaches of their own services;
- consider only breaches of regulations that attract financial penalties as the only elements of the risk assessment profiles of each Approved Provider; and
- establish an independent panel to receive challenges from any Approved Provider about any allegations and/or decisions of the NSW Department of Education without fear of reprisal from the NSW Dept of Education (excessive spotchecks, unfair or subjective interpretations of regulatory requirements, etc).

**LEAD MINISTER(S):**    **The Hon Sarah Mitchell MLC**

**NSW Minister for Early Childhood Education**

**RECOMMENDATION(S) #8:**

- That each time a breach notice is issued by the NSW Department of Education, once the matter has been cleared, a formal advice must be provided stating that the matter has been resolved.
- That the NSW Department of Education provide an on-line register of all current alleged non-compliances, all withdrawn allegations of unproven non-compliances and all resolved non-compliances.
- That the information recorded on the abovementioned on-line register be accessible only to the corresponding approved providers and the NSW Department of Education who administers it.
- That only proven breaches of regulations that attract financial penalties (ie fines) will be considered as part of the risk assessment profiles of each approved provider.
- That the NSW Department of Education introduce a transparent process of an independent panel where any approved provider can challenge the allegations and/or decisions of the NSW Department of Education.



## 10.0 toward a more universal access of funding for the year before school

Around 348,000 children across Australia are eligible to receive funding under the FY2018/2019 National Partnership Agreement on Universal Access to Early Childhood Education (NPAUAECE), attracting around \$1,237 per capita (total \$427m) in 2018<sup>22</sup>. This Agreement supports universal access to, and improved participation by, children in quality early childhood education (preschool) in the year before full-time school, with a focus on vulnerable and disadvantaged children.

ABS preschool statistics show that in 2016 there were 288,369 children in the Year Before School Cohort, of whom 92.4% were enrolled in preschool but only 70.8% attended for 600 hours<sup>23</sup>:

### Enrolment and attendance in 600 hours of preschool in the year before school 2016:

	NSW	VIC	QLD*	WA	SA	TAS	ACT	NT	AUS
Enrolled preschool	87 451	75 085	58 041	3 286	19 454	6 247	5 322	3 435	288,369
By %	84.9%	98.4%	93.8%	96.0%	94.2%	96.2%	98.3%	92.5%	92.4%
Enrolled 600 hrs	74 969	74 261	56 410	32 556	19 255	6 250	5 257	3 405	272 361
By %	72.5%	97.3%	88.6%	93.9%	93.2%	96.2%	97.1%	91.7%	87.2%
Attend 600 hrs	66 334	56 721	51 049	21 890	13 679	5 081	4 220	2 067	221,076
By %	64.4%	74.3%	82.5%	63.1%	66.2%	78.2%	77.9%	55.7%	70.8%

(ROGS Table 3A.18 & ABS 42400D0003\_2016, Nov 2016)

The mix of children in each service type varies dramatically by state, with WA, SA, TAS and NT dominated by government preschools; NSW and QLD by long day care and Vic a mix of both.

### Year before school preschool enrolments by sector (%) (2016)

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	AUST
Govt preschools	4.7	12.4	1.8	58.9	55.3	64.5	50.0	66.4	18.7
Non-govt preschools	26.0	42.2	27.4	22.6	4.5	16.5	2.6	4.0	27.8
Long day care	64.4	37.9	67.2	2.0	21.8	3.8	21.7	12.4	45.2
LDC+PS	4.8	7.4	3.6	16.5	18.5	13.6	25.4	17.2	8.2

<sup>22</sup> Senate Estimates Question on Notice SQ17-732, See also 4 February 2018 announcement of 2019 funding: <https://www.senatorbirmingham.com.au/preschool-funding-boost/>

<sup>23</sup> Australia Bureau of Statistics 4240.0 Nov 2017 release tables 5 & 6

**State Government Spending on preschool programs per child by sector 2016-17**

	<b>NSW</b>	<b>VIC</b>	<b>QLD</b>	<b>SA</b>	<b>WA</b>	<b>TAS</b>	<b>NT</b>	<b>ACT</b>	<b>AUST</b>
Preschool total spending \$m	278.3	385.3	175.0	171.6	329.1	47.7	46.1	35.6	1,351.9
Preschools \$per child enrolled	5,188	4,712	4,210	9,647	9,993	7,811	12,694	7,709	6,431
LDC preschool programs \$ per child enrolled	456	3,695	2,011	2,121	0	0	180	0	1,724

Source: Calculations based on ROGS 2018, ABS 4240 Table 5 and State Govt funding formulae for LDC

Based on these reports, NSW has the lowest enrolment and attendance in 600 hours of preschool in the year before school 2016.

It is worth noting that in NSW, 64.4% (2016) of children in the year before school preschool enrolments are in long day care. Yet the NSW Government spends \$456 per child in long day care settings compared to many other comparable states, and the national average of \$1,724 per child.

Similarly, the NSW Government spends on \$5,188 per child enrolled in dedicated preschools yet the national average spend is \$6,431 per child.

In order to achieve a more effective achievement of enrolments as well as a fairer distribution of funding, ACA NSW is asking the NSW Government to:

- publish its report for 2016 and 2017 proving that the differences in funding by Commonwealth and NSW Governments compared to the rest of Australia demonstrating if such arrangements for NSW have produced the participation it originally agreed to through the National Partnership Agreement; and
- asks that such funding be directly for the use of reducing fees or offsetting the cost of the degree-qualified teacher, regardless of settings.

**LEAD MINISTER(S): The Hon Sarah Mitchell MLC**

**NSW Minister for Early Childhood Education**

**RECOMMENDATION(S) #9:**

- (a) That the NSW Department of Education publish a report for 2016 and 2017 demonstrating the overall differences in Commonwealth and NSW funding for NSW children participating in a preschool program for the year before school for up to

600 hours compared to other states, regardless of whether they are enrolled in a preschool or a preschool program conducted in a long day care service.

- (b) That the NSW Department of Education amend the use of Universal Access funding so that it is to be for the use of reducing fees or offsetting the cost of the degree qualified teacher regardless of setting.

## **11.0 toward a trusted standard of out-of-school-hours-care providers**

Since the introduction of the Children (Education and Care Services National Law Application) (NSW) Act 2010 and the corresponding Education and Care Services National Regulations (NSW), NSW and all other states/territories been obliged to treat Out-of-School-Hours-Care (OSHC) services for school-aged children in a similar manner as providers of early childhood education and care for children 0-5 years old.

This in itself may have been a fundamental misunderstanding which as yet has not been resolved. For example:

- are OSHC providers to be judged using the same educational and operational criteria as those expected of providers for 0-5 year olds; and
- why should OSHC services be required to use 3.25 m<sup>2</sup> of unencumbered indoor space per child that is expected of centre-based daycare when school classrooms are not required to satisfy this criterion.

The NSW Government introduced the concept of tendering to provide OSHC services in schools and placed the tendering process in the hands of the NSW Department of Education and Communities' Regional Assets Management Units (AMUs). Naturally, AMU staff tend not to have knowledge or training in early childhood education and care.

Since 2016, there have been two unsuccessful attempts to introduce a more consistent approach to such tendering process. The last being in August 2017 with the proposal of introducing a Mandatory Eligibility Scheme in future Request for Tender documents for Out-of-School-Hours-Care services.

In principle, ACA NSW has been and continues to be supportive of an introduction of a pre-qualification scheme governing eligible tenderers for OSHC services by the NSW Government for public school sites.

In support, ACA NSW recommends that a new scheme be developed with the following in mind:

1. that a comprehensive and transparent sector-wide consultation be conducted;
2. that a future scheme operates under specific legislation and/or regulation;
3. that for accountability and transparency, an external and independent review mechanism be available so that any decisions made under the scheme can be challenged by any tenderer, competing tenderer or any interested parties;
4. that the pre-existing rating of any OSHC service that was recently taken over by a new OSHC provider be temporarily suspended (eg 12 months) in order for the new OSHC provider to operate their new service properly and be assessed correctly;
5. that all proven, addressed and withdrawn allegations of non-compliances be recorded and made available on-line to only the respective OSHC providers;
6. that only proven allegations of non-compliances of the last 3 years that attract financial penalties be used as part of any risk-assessments when considering tenders;
7. that the scheme be consistent and compatible to and inter-operable with all other Australian jurisdictions;
8. that the standing of any pre-qualification in other jurisdictions be considered on its merits;
9. that all tenders adopt a standard template for information provision to prospective tenderers;
10. that commensurate with the number and volume of tenders received, all tender panels meeting be encouraged to take more than one day to thoughtfully consider all submissions;
11. that tender panels be appropriately representative of the school, the school community, the NSW Department of Education, and at least one appropriately qualified person who is independent of the school and of the NSW Government (recruited via the NSW Boards and Committees Register<sup>24</sup>);
12. that tenderers be not restricted to provide basic information (eg up to 1,000 words) to demonstrate their potential performance against each criterion;
13. that there be a standard minimum number of years (ideally 5 years with a 5 year option which is typical for most business leases) for all successful tenderers while taking into consideration asset investment;

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<sup>24</sup> NSW Boards and Committees Register (see <https://www.nsw.gov.au/your-government/nsw-government-boards-and-committees-register/about-the-nsw-boards-and-committees-register/>)

14. that the NSW Government compensate for the capital investment costs made by the successful tenderer if the contract's option was not renewed;
15. that all tenders be assessed against an articulated and well-defined set of measurable standards and on its merits; and
16. that there be a definitive timeline, process and set of requirements for tendering.

**LEAD MINISTER(S):   The Hon Rob Stokes MP**

**NSW Minister for Education**

**The Hon Sarah Mitchell MLC**

**NSW Minister for Early Childhood Education**

**RECOMMENDATION(S) #10:**

- (a) That the NSW Department of Education create an industry panel with all appropriate stakeholders as panel members to develop a fair and reasonable Mandatory Eligibility Criteria for out-of-school-hours-care providers.

ACA NSW also asks the NSW Government to consider further OSHC reforms through the Regulatory Sandbox program, the NSW Productivity Commissioner and using the National Partnership for Regulatory Reform funds available.

Reforms for OSHC should at least consider:

1. clarification of the requirements of OSHC providers in their provision of “education” for their school-aged children despite the traditional emphasis of parents being play, social interaction and recreation, balancing that against the administrative burden of monitoring educational outcomes on a child-by-child basis;
2. the minimum and measurable evaluation criteria on what OSHC are assessed against by NSW Department of Education’s Field Officers;
3. consistency of standards protecting children’s welfare and wellbeing during school hours and while in OSHC;
4. the physical environment requirements for OSHC (for example floor space:children ratios) should be different to early childhood education and care;

5. the requirement for the public tender document to have the pre-approval of the NSW Department of Education's Early Childhood Directorate of the number of approved places;
6. the provision of adequate training for school principals to enable them to understand the operation, processes and requirements expected of OSHC services;
7. the treatment of asset investment when a change of OSHC provider occurs over an existing service, or the contract being terminated prematurely;
8. the design and planning of new schools as well as schools being refurbished so as to anticipate future OSHC capacities (as guideline of 15% of projected number of school children, and possibly up to 40% subject to local demands); and
9. the forecasting of OSHC demand alongside capacity building of existing and new schools.



## **12.8 toward greater affordability, better educational outcomes, higher workforce participation and improving family choices**

Under the Children (Education and Care Services National Law Application) (NSW) Act 2010 and the corresponding Education and Care Services National Regulations (NSW), some could say that it remains undecided whether Early Childhood Education and Care has consequently produced better educational outcomes for children at affordable prices, increased workforce participation and given more choices for families.

ACA NSW is asking the NSW Government to establish an Advisory Panel comprising of appropriate NSW parents under the combined auspices of the NSW Premier, the NSW Minister for Women and the NSW Minister for Early Childhood Education. It is envisaged that this Advisory Panel would provide the NSW Government with advice every year about childcare costs, educational standards, safety, the active involvement of both parents in their child/children's early childhood education and care, the choice for workforce participation. Such parents can be recruited using the NSW Government's Boards and Committees Register<sup>25</sup>.

ACA NSW believes that such an Advisory Panel, with engagement of all sector stakeholders, would be able to give useful feedback and improvements to the NSW Government and therefore help advance all Early Childhood Education and Care Approved Providers, Service Providers, Early Childhood Education Teachers, Educators and support staff for the benefit of all NSW children and their families.

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<sup>25</sup> NSW Boards and Committees Register (see <https://www.nsw.gov.au/your-government/nsw-government-boards-and-committees-register/about-the-nsw-boards-and-committees-register/>)

**LEAD MINISTER(S):**    **The Hon Gladys Berejiklian MP**  
                                     **NSW Premier**

**The Hon Tanya Davies MP**  
                                     **NSW Minister for Women**

**The Hon Sarah Mitchell MLC**  
                                     **NSW Minister for Early Childhood Education**

**RECOMMENDATION(S) #11:**

- (a) That the NSW Government create a standing Advisory Panel appropriately empanelled and refreshed every year with NSW parents that reflect the NSW childcare market, that will provide the government with advice every year about childcare costs, educational standards, safety, the active involvement of both parents in their child/children's early childhood education and care, the choice for individual or dual workforce participation, as well as family choices.
- (b) That this Advisory Panel meets regularly with direct engagement with industry stakeholders (including the Australian Children's Education & Care Quality Authority, the NSW Department of Education, the NSW Office of Children's Guardian, the NSW Ombudsman, Australian Childcare Alliance (ACA) NSW and the Community Early Learning Australia).

## 13.0 toward more affordable childcare

Despite the near universal presumption that there is comprehensive undersupply of childcare, the reported number of vacancies and therefore unutilised capacity over the last 5 years have been increasing. Over the last 5 years, the population of under 5 year old children has grown by 0.6% but the number of childcare places has grown by 17.7%.

**Reported daily vacancies in long day care centres (March quarter)**

	2013	2014	2015	2016	2017
Average number of vacancies	80,630	92,340	98,510	110,510	122,570
% of centres reporting with vacancies	86%	90%	91%	91%	93%

(Source: DET Early Childhood and Child Care in Summary)

Since the introduction of Children (Education and Care Services National Law Application) (NSW) Act 2010 and the corresponding Education and Care Services National Regulations (NSW), and ever since the subsequent ratio change introduced on 1 January 2016, more and more services have either stopped catering for 0-2 year old children or created a separate, higher fee for this age group in order to ensure the overall service is financially viable.

Other than addressing childcare oversupply, governments should provide planning incentives to prioritise approvals and development consents that offer a certain minimum number of 0-2 and 2-3 year old places.

Moreover, ACA NSW is asking the NSW Government to require the new NSW Productivity Commission to review the underlying cost of places for 0-2 and 2-3 year olds in all childcare services.

And subject to the NSW Productivity Commission's findings, and as there is unlikely to be any financial relief available from the Commonwealth, ACA NSW is asking the NSW Government to create a NSW Fund for FY2018/2019 and FY2019/2020 distribution as grants to existing childcare services to offset the costs of 0-2 and 2-3 year old places while a review of the underlying cost of 0-2 and 2-3 year olds is also initiated through the new NSW Productivity Commission.

**LEAD MINISTER(S):**    **The Hon Anthony Roberts MP**

**NSW Minister for Planning**

**The Hon Sarah Mitchell MLC**

**NSW Minister for Early Childhood Education**

**RECOMMENDATION(S) #12:**

- (a) That local councils and Independent Hearing and Assessment Panels (IHAPs) be given planning incentives to prioritise those new development applications for new and existing childcare services offering a certain minimum number of 0-2 and 2-3 year old places as a condition of their development consent in order to meet demonstrable demand.
- (b) That the NSW Government task its new NSW Productivity Commission to review the underlying cost of places for 0-2 and 2-3 year olds in all childcare services.
- (c) That, in anticipation of the NSW Productivity Commission's findings, the NSW Government create a Fund for FY2018/2019 and FY2019/2020 distribution as grants to existing childcare services to offset the costs of 0-2 and 2-3 year old places while a review of the underlying cost of 0-2 and 2-3 year olds is also initiated through the new NSW Productivity Commission.

## 14.8 toward more relevant teacher qualifications

Given the labour shortages particularly of degree qualified Early Childhood Teachers (ECTs), and that the conversion rate of primary and secondary school teachers to become ECTs is very low, a review of teacher qualifications may be in order.

This is based on feedback received from ACA NSW members that they are unlikely to hire teachers, regardless of their qualifications, unless they have relevant experience. Moreover, the teacher qualifications encompassing 0-8 and 0-12 year olds are too broad and not sufficiently aligned to Early Childhood Education and Care (ECEC).

As such, ACA NSW is asking the NSW Government to conduct a Ministerial Review to explore how a better alignment and supply of degree qualified ECEC graduates can support NSW childcare services.

**LEAD MINISTER(S):**    **The Hon Rob Stokes MP**  
                                      **NSW Minister for Education**

**The Hon Sarah Mitchell MLC**  
                                      **NSW Minister for Early Childhood Education**

### **RECOMMENDATION(S) #13:**

- (a) That a Ministerial Review be commissioned into the current suitability of teacher qualifications 0-8 and 0-12 year olds as a matter of urgency, given the current labour shortages of tertiary qualified Early Childhood Teachers.
- (b) That the Ministerial Review examine the underlying reasons why there is a lack of conversions of primary or secondary school teachers to become Early Childhood Teachers.
- (c) That the Ministerial Review consider the appropriateness of replacing the existing qualifications with 0-5, 6-12, etc teacher qualifications so that there are more vocationally relevant training and experiences.

## 15.0 toward better regulations

In light of the Greiner Report<sup>26</sup>, and with NSW early childhood education and care approved providers and services bearing more costly and unique regulatory requirements than any other Australian jurisdiction, including:

- the higher number of degree qualified Early Childhood Teachers;
- the NSW Enhanced Approval Process;
- the State Environmental Planning Policy that can exacerbate childcare oversupply and inadvertently increase childcare costs;
- 861 (16.7% of) all NSW services still not reassessed or re-rated for 2-6 years;
- less Commonwealth funding available to the 288,369 NSW children in the Year Before School cohort compared to other states/territories;
- uncertainties and inconsistencies about out-of-school-hours care requirements; and
- the uneven treatment of payroll taxes between small family-owned businesses versus functionally equivalent (community/not-for-profit) services,

ACA NSW agrees that a “regulation first” response to public policy issues has not adequately addressed the early childhood education and care sector’s quality and affordability aspirations that would satisfy the general public. ACA NSW also welcomes an Independent Commissioner (ie the NSW Productivity Commissioner), using a customer-centred approach, that can help harmonise NSW parents’ aspirations for their children in the context of an effective but low cost regulatory system.

In the absence of such an Independent Commissioner, ACA NSW looks forward to working with the NSW Government through its NSW Regulatory Sandbox program and the National Partnership for Regulatory Reform in order to achieve consensus on the future of the early childhood education and care for all NSW children and their families.

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<sup>26</sup> NSW Regulatory Policy Framework - Independent Review | Final Report (August 2017) (see <https://www.treasury.nsw.gov.au/sites/default/files/2018-02/Independent%20Review%20of%20the%20NSW%20Regulatory%20Policy%20Framework%20final%20report.pdf>)

Through ACA NSW's recommendation for an Advisory Panel under the auspices of the NSW Premier, the NSW Minister for Women and the NSW Minister for Early Childhood Education, it was inspired by the Greiner Report for:

- a framework for continuous red tape reduction as well as post-implementation of reviews;
- a far better understanding of stakeholders; and
- the replacement of Regulatory Impact Statements with more meaningful net benefits and impacts.

Consequently, ACA NSW is urging the NSW Government set up a stakeholder-based Advisory Panel that would provide an annual report recommending how the existing regulations could be reformed and streamlined, to particularly improve childcare affordability, educational outcomes for children as well as create operational efficiencies.

<b>LEAD MINISTER(S):</b>	<b>The Hon Matt Kean MP</b> <b>NSW Minister for Innovation and Better Regulation</b>  <b>The Hon Sarah Mitchell MLC</b> <b>NSW Minister for Early Childhood Education</b>
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<b>RECOMMENDATION(S) #14:</b>
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- |   |
|---|
| (a) That an Advisory Panel comprising all stakeholders be created to produce annual recommendations on how the existing regulations could be reformed and streamlined, to particularly improve childcare affordability, educational outcomes for children as well as create operational efficiencies. |
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## **16.0 how nsw's childcare can be further significantly improved**

ACA NSW's Early Childhood Education and Care in NSW: A Better Direction has been framed firstly as a set of recommendations that the NSW Government can adopt that will produce immediate benefits for NSW-based children and their families, including downward pressures on childcare affordability.

Furthermore, ACA NSW urges the NSW Government to pursue longer-term childcare reforms that will address the ever elusive answer of how to achieve childcare affordability while ensuring high quality educational outcomes and a cost-efficient regulatory compliance system.

### **National Partnership for Regulatory Reform (NPRR)**

As part of the Federal Budget 2017<sup>27</sup>, the Commonwealth reserved \$300m for FY2017/2018 and FY2018/2019 for all Australian States and Territories, providing them with assistance and incentives to remove unnecessary regulatory barriers.

The NSW Government will receive \$100m out of the \$300m pool.

### **NSW Productivity Commissioner**

On 19 February 2018, the NSW Treasurer, the Hon Dominic Perrottet MP, announced<sup>28</sup> that the NSW Government will establish its own state-based Productivity Commission to “drive micro-economic reform and tackle burdensome regulation”.

Two of its key focuses is on making it easier to do business and lowering the cost of living.

It is envisaged that the NSW Productivity Commission will ensure a user-centred approach to regulation that is responsive to users' needs and changes in the market.

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<sup>27</sup> National Partnership for Regulatory Reform - \$300m for States and Territories that remove unnecessary regulatory barriers (see <http://budget.gov.au/2017-18/content/glossies/jobs-growth/html/jobs-growth-00.htm#growth3>)

<sup>28</sup> NSW to get its own Productivity Commission (see <https://www.governmentnews.com.au/2018/02/nsw-get-productivity-commission/>)



## **NSW Regulatory Sandbox Program**

As part of the NSW Government's Innovation and Better Regulation portfolio, the NSW Regulatory Sandbox program aspires to more responsive regulation that will enable innovative businesses to grow. By way of this program, regulatory exemptions for innovative solutions can be trialled in order to determine if clear benefits to the citizens of NSW are achievable.

### **How could they assist NSW-based childcare?**

ACA NSW requests the NSW Government's support through the NSW Regulatory Sandbox program or the NSW Productivity Commission, while leveraging the National Partnership for Regulatory Reform. For any government, the ultimate ambition is to develop and implement the most modern regulatory framework for early childhood education and care that achieves the following objectives:

- world-class educational outcomes for children that produce longer-term quantifiable dividends for those children and for society;
- tangible affordability for NSW-based families;
- cost-effectiveness for taxpayers;
- minimal regulatory and operational cost for NSW-based early childhood education and care Approved Providers;
- user-friendly and thoughtfully harmonised government systems and processes; and
- an innovative and competitive environment that provides incentives to advance measurable early childhood education and care standards.

It is envisaged that a NSW Regulatory Sandbox program or the NSW Productivity Commissioner will bring together all stakeholders, including national and state regulators, Approved Providers, educators, academics and parents, and financiers to consider potential solutions to solve a range of challenges, including:

1. the continuing deficiencies of Commonwealth subsidies that made changes in educator:children ratios in 2010 and 2016 for 0-3 year olds less affordable;
2. the absence of commitment to balance regulatory requirements against educational outcomes and childcare affordability;

3. a new NSW process that prioritises applications for new services and increases in the number of places at existing services based on demonstrable need;
4. a more effective way of conducting assessments and rating, instead of a punitive approach, that produce a better culture of continuous improvement and “support toward compliance”;
5. consideration of size limits for NSW services (ideally up to 75 places) based on academic research showing benefits for children in smaller environments;
6. the need to increase participation rates of NSW children in the year before school through adequate, equitable and better use of Universal Access and NSW Government funding especially when compared to all other Australian jurisdictions;
7. a review on the potential negative financial and operational impact on any proposed new childcare service, preschool, out-of-school-hours-care service on school grounds as well as existing neighbouring services, given the evidence of the negative effects of childcare oversupply, and
8. a recalibration of how Out-of-School-Hours-Care regulations are to be complied with for school-aged children in mind as distinct from Early Childhood Education and Care.

## **appendix a: 2017 annual early learning & childcare services survey**

The 2017 Annual Early Learning & Childcare Services Survey<sup>29</sup> is the second survey conducted of all NSW-based services about their experiences with the current regulatory framework.

The following are highlights of the 2017 survey:

- 892 (out of 2,834) Approved Providers, directors and nominated supervisors' responses received.
- representing over 1,700 (out of 5,343) childcare services;
- 36.24% were not-for-profit/community-based;
- 44.17% were privately/family-owned services but not publicly-listed;
- as a result of the NQF:
  - 62% stated that staff were spending over a third of their time on administrative tasks;
  - 51.23% stated it had a negative impact on costs to services;
  - 58.9% stated that the change in ratios had a negative or large negative impact on the cost of running their centres;
  - only 14% stated that the NQF had significant positive impact on children's educational outcomes;
  - only 7% stated that the NQF had a significant positive impact on children's socialisation outcomes; and
  - 61.52% stated that the NQF had a negative effect on time spent on paperwork.

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<sup>29</sup> 2017 Annual Early Learning & Childcare Services Survey (see <https://nsw.childcarealliance.org.au/news/256-2017-annual-early-learning-childcare-services-survey>)

## appendix b: childcare capacities in nsw

	NUMBER OF SERVICES (NSW)		
	27-Feb-17	22-Sep-17	7-Feb-18
<b>Centre-based</b>	5,029	5,064	5,133
<b>Family Day Care</b>	352	279	259
<b>TOTAL</b>	<b>5,381</b>	<b>5,343</b>	<b>5,392</b>
<b>% INCREASE</b>	-	-0.71%	0.92%
	NUMBER OF PLACES (NSW)		
	27-Feb-17	22-Sep-17	7-Feb-18
<b>Centre-based</b>	269,933	274,339	281,298
<b>Family Day Care</b>	Unknown	Unknown	Unknown
<b>TOTAL</b>	<b>269,933</b>	<b>274,339</b>	<b>281,298</b>
<b>% INCREASE</b>	-	1.63%	2.54%

appendix c: childcare vs elite private school fees

CHILDCARE	MINIMUM-USE			AVERAGE-USE			HIGH-USE		
Fee Per Day	Days/Week	Weeks/Year	TOTAL	Days/Week	Weeks/Year	TOTAL	Days/Week	Weeks/Year	TOTAL
\$100	2	41	\$8,200	3	50	\$15,000	5	50	\$25,000
\$120			\$9,840			\$18,000			\$30,000
\$140			\$11,480			\$21,000			\$35,000
\$160			\$13,120			\$24,000			\$40,000
\$180			\$14,760			\$27,000			\$45,000
\$200			\$16,400			\$30,000			\$50,000

Examples of Fees of Elite Private Schools in Sydney	Y7-10/Year	Y11-12/Year
Monte Sant Angelo Mercy College, North Sydney	\$19,500	\$21,360
Abbotsleigh, Wahroonga	\$29,500	\$30,920
Barker College, Hornsby	\$29,730	\$31,630
Pymble Ladies College, Pymble	\$30,000	\$31,425
Knox Grammar, Wahroonga	\$30,105	\$31,830
Ravenswood School for Girls, Gordon	\$30,860	\$31,560
Trinity Grammar School, Summer Hill	\$31,000	\$33,680
The King's School, Parramatta	\$32,660	\$34,848
SCEGGS, Darlinghurst	\$33,387	\$36,196
Cranbrook School, Bellevue Hill	\$34,905	\$37,230

appendix d: ratings statistics

The following table has been assembled based on the information from the Australian Children’s Education and Care Authority (ACECQA)’s National Register<sup>30</sup>.

As of 7 February 2018	Centre-based		NSW	VIC	QLD	SA	TAS	WA	NT	ACT	NSW	VIC	QLD	SA	TAS	WA	NT	ACT	2012	2013	2014	2015	2016	2017	2018	
		Excellent	12	10	13	6	0	0	0	6	0.23%	0.26%	0.47%	0.52%	0.00%	0.00%	0.00%	1.75%	0	0	0	3	4	5	0	
		Exceeding	1,514	1,301	873	511	79	300	34	138	29.50%	33.21%	31.35%	44.55%	36.07%	26.43%	15.38%	40.35%	41	246	283	262	313	369	0	
		Meeting	2,172	1,852	1,283	250	88	400	93	74	42.31%	47.28%	46.07%	21.80%	40.18%	35.24%	42.08%	21.64%	11	489	426	375	444	427	0	
		Working Towards	1,230	458	483	275	42	332	79	95	23.96%	11.69%	17.34%	23.98%	19.18%	29.25%	35.75%	27.78%	7	161	97	223	323	417	2	
		Significant Improvement Required	12	1	1	0	0	0	0	0	0.23%	0.03%	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0	0	0	0	1	11	0	
		Not Yet Rated	193	295	132	105	10	103	15	29	3.76%	7.53%	4.74%	9.15%	4.57%	9.07%	6.79%	8.48%	0	0	0	0	0	0	0	
		TOTAL	5,133	3,917	2,785	1,147	219	1,135	221	342	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	59	896	806	863	1085	1229	2	
			14,899																4940							
	Family Day Care		NSW	VIC	QLD	SA	TAS	WA	NT	ACT	NSW	VIC	QLD	SA	TAS	WA	NT	ACT	2012	2013	2014	2015	2016	2017	2018	
		Excellent	0	0	1	0	0	0	1	0	0.00%	0.00%	0.78%	0.00%	0.00%	0.00%	25.00%	0.00%	0	0	0	0	0	0	0	
		Exceeding	30	32	32	1	6	6	1	1	11.58%	9.36%	24.81%	5.88%	46.15%	15.00%	25.00%	7.69%	6	4	3	6	3	8	0	
		Meeting	57	74	40	2	2	5	0	3	22.01%	21.64%	31.01%	11.76%	15.38%	12.50%	0.00%	23.08%	1	14	11	4	14	13	0	
		Working Towards	114	164	33	6	5	29	2	3	44.02%	47.95%	25.58%	35.29%	38.46%	72.50%	50.00%	23.08%	1	6	4	7	32	64	0	
		Significant Improvement Required	14	7	0	0	0	0	0	0	5.41%	2.05%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0	0	0	0	3	11	0	
		Not Yet Rated	44	65	23	8	0	0	0	6	16.99%	19.01%	17.83%	47.06%	0.00%	0.00%	0.00%	46.15%	0	0	0	0	0	0	0	
		TOTAL	259	342	129	17	13	40	4	13	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	8	24	18	17	52	96	0	
			817																215							
	COMBINED		NSW	VIC	QLD	SA	TAS	WA	NT	ACT	NSW	VIC	QLD	SA	TAS	WA	NT	ACT	2012	2013	2014	2015	2016	2017	2018	
		Excellent	12	10	14	6	0	0	1	6	0.22%	0.23%	0.48%	0.52%	0.00%	0.00%	0.44%	1.69%	0	0	0	3	4	5	0	
		Exceeding	1,544	1,333	905	512	85	306	35	139	28.64%	31.30%	31.06%	43.99%	36.64%	26.04%	15.56%	39.15%	47	250	286	268	316	377	0	
		Meeting	2,229	1,926	1,323	252	90	405	93	77	41.34%	45.22%	45.40%	21.65%	38.79%	34.47%	41.33%	21.69%	12	503	437	379	458	440	0	
		Working Towards	1,344	622	516	281	47	361	81	98	24.93%	14.60%	17.71%	24.14%	20.26%	30.72%	36.00%	27.61%	8	167	101	230	355	481	2	
		Significant Improvement Required	26	8	1	0	0	0	0	0	0.48%	0.19%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0	0	0	0	4	22	0	
		Not Yet Rated	237	360	155	113	10	103	15	35	4.40%	8.45%	5.32%	9.71%	4.31%	8.77%	6.67%	9.86%	0	0	0	0	0	0	0	
TOTAL		5,392	4,259	2,914	1,164	232	1,175	225	355	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	67	920	824	880	1137	1325	2		
		15,716																5155								

<sup>30</sup> Source: ACECQA National Register (see <https://www.acecqa.gov.au/resources/national-registers>)

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