



Childcare and Economic Opportunity Fund
Early Childhood Education Directorate
NSW Department of Education
Locked Bag 5107
Parramatta, NSW 2124

By email: EarlyYearsCommitment@det.nsw.edu.au

To whom it may concern,

Thank you for the opportunity to provide input to inform the establishment of the Childcare and Economic Opportunity Fund.

The NSW Small Business Commissioner (the Commission) is an independent statutory office of the NSW Government. It provides strategic advice, advocacy and affordable dispute resolution services across NSW.

Small businesses are a significant component of the early childhood education sector (sector) and deliver care and education to children before primary school. Their services are essential for ensuring sufficient availability of affordable childcare, thereby empowering women to enter – or re-enter – the workforce.

The Commission has recently consulted with the sector and found that providers are committed to delivering high quality education and care to children but are experiencing regulatory, staffing and other business challenges. These challenges make it more difficult for providers to deliver early childhood education that is affordable and accessible to families.

The Commission has released a report that summarises the consultation feedback and identifies opportunities to improve outcomes for providers. I have attached a copy of this report, *Stakeholder consultation: Small business experiences in the early childhood education and care sector*. The report provides useful feedback and recommendations that will support providers to innovate, expand and offer more places for families, when and where they are needed.

I have also provided responses that relate to your consultation survey questions below.

Issues currently faced by parents and families

Cost and availability of childcare are two very important issues parents face when trying to access early childhood education.

Industry feedback to the Commission suggests NSW-specific staffing requirements are increasing the cost and reducing the availability of early childhood education and care in NSW. Providers are required to hire more staff to meet the additional NSW staffing requirements and undertake administrative and regulatory activities.

Current staff shortages, exacerbated by NSW requiring more staff in services, means that some services are reducing the number of places available for children as they cannot meet regulated requirements.

Navigating complex regulatory system comprising different agencies and three tiers of government is a considerable barrier and challenge to establishing a new childcare centre or expanding the number of places in a centre. This reduces the availability of childcare in NSW. While regulatory requirements are necessary to ensure the safety of children and quality of care, their impact needs to be considered in a broader context, including in circumstances where their benefits may not exceed their cost.

Addressing affordability and access to early childhood education in NSW

Improving the affordability and access to early childhood education involves delivering improvements to the broader system that regulates and supports providers. While I encourage consideration of all the recommendations in our consultation report, I draw attention to specific recommendations which relate to potential initiatives that could be funded through the Childcare and Economic Opportunity Fund.

These recommendations focus on reducing excessive and expensive administrative burden for providers to support the delivering of more accessible and affordable early childhood education and care.

[Government coordination when establishing a new centre \(see p. 32\)](#)

Establishing a childcare centre requires concurrent engagement with Commonwealth Government agencies, various NSW Government agencies and local council. Stakeholder feedback indicates application processes are not user centric and make it difficult to establish a centre or undertake ongoing operations. A hold up in the approval by any one agency can result in significant delays in opening a new service, which means parents and families are unable to access early childhood education.

Developing a single, customer-centric, digitalised application process for NSW Government and local government requirements would significantly reduce administrative burden associated with establishing an early childhood education service. A single point of application will assist to eliminate inconsistent requirements, support principles of 'telling-government once', establish reasonable approval times and provide up-to-date and correct advice and guidance.

Such an approach could be extended to Federal requirements. Establishing a joint State and Federal initiative to review, streamline and coordinate the requirements and processes for establishing new centres, could address inconsistencies and improve coordination between state and Federal requirements. If possible, Federal requirements can also be integrated into the single digitalised application process.

[Independent review of the assessment and rating process \(see p. 29\)](#)

Feedback to the Commission indicates smaller providers find the assessment and ratings process stressful, administratively burdensome, and at times a distraction from their core responsibilities of providing essential care and education to children.

The purpose of the National Quality Standards (NQS) is to deliver high quality care and education, however the Commission observes that many providers do not view the rating and assessment process as contributing to improved outcomes or as providing an accurate indication of their actual quality or performance. It is also considered to be costly and resource intensive process.

For this reason, the Commission recommended an independent review of the assessment and ratings process to improve sectoral support for the process, provide clear guidance and tools for

providers, and ensure the system is focused on improving children's learning outcomes rather than administrative processes.

[Template policies and procedures \(see report p. 32\)](#)

Currently, providers are generally required to develop their own policies, procedures, and forms, many of which are mandatory under the National Quality Framework (NQF). Some have reported this can be time consuming, onerous and costly.

There is an opportunity to assist providers with their compliance obligations and reduce disputes between providers and assessors, by developing templates, tools and resources that can be adopted (or adapted). While a simple solution, templated policies and procedures have the potential to significantly reduce administration costs for early childhood education providers, and better support the sector to deliver early childhood education.

Optional template policies, procedures, checklists and forms can assist providers by reducing the time taken and costs to develop policies independently while ensuring the Department of Education's requirements and expectations in this regard are fulfilled. While policies may need to be adapted to meet specific needs and family preferences, template policies reduce unnecessary red tape and duplication of effort. This will support the growth of services in the sector, reduce costs and make it easier for small business providers as well as providing efficiency savings for the Department of Education compliance teams.

Future consultation preferences

As the NSW advocate for small businesses, I encourage consultation with the sector's small businesses as they are a key contributor to the supply of early childhood education and care in NSW.

If you require further information, please contact Megan Bennett, at either megan.bennett@smallbusiness.nsw.gov.au or (02) 9372 8767.

Yours faithfully

Chris Lamont
Commissioner
NSW Small Business Commission

Date: 14/10/22