



An Australian Government Initiative



31st March 2023

Att: Hon. Julia Gillard AC
Royal Commission into Early Childhood Education and Care
via email to RoyalCommissionECEC@sa.gov.au

Dear Commissioner Gillard and Commission Staff

Submission to the Royal Commission into Early Childhood Education and Care on behalf of Yorke and Mid North communities

Our group thanks you for the opportunity to provide this submission to the Royal Commission into Early Childhood Education and Care (the Commission).

For context, our (informal) group comprises representatives from a number of community groups and local government authorities throughout the Yorke and Mid North region working to secure new and/or additional childcare services for their local communities, supported by Regional Development Australia Yorke and Mid North (RDAYMN).

These community groups are working on behalf of the following communities, as well as the Yorke and Mid North region as a whole:

- Crystal Brook
- Kadina
- Maitland
- Minlaton
- Moonta
- Orroroo
- Port Broughton
- Port Wakefield
- Wilmington

RDAYMN is an incorporated organisation funded by Federal, State and local governments. Our main goal is to promote and facilitate sustainable community and economic development within the regions of the Yorke Peninsula, Mid North and Southern Flinders Ranges. RDAYMN works alongside councils, businesses, community and not-for-profit groups to increase economic activity and competitiveness and to enhance social and environmental outcomes for our region.

This submission presents a case for improving access to childcare services in the Yorke and Mid North region, utilising the work that is being done by these community groups to advocate and plan for specific services in their local communities. The Commission presents a unique opportunity to take a holistic approach to meeting these critical service needs at a state-wide level; RDAYMN and each of these community groups stands ready to work with the Commission and policy makers to meet this challenge.



Local Government Partners

Clare & Gilbert Valleys Council | Barunga West Council
District Council of Mount Remarkable | Northern Areas Council
District Council of Peterborough | Wakefield Regional Council
Yorke Peninsula Council | Regional Council of Goyder
Copper Coast Council | Port Pirie Regional Council
District Council of Orroroo / Carrieton

Need for childcare

Early Childhood Education and Care (ECEC) is a crucial service to support the quality of social and economic outcomes achieved for children, families and society alike through effecting positive outcomes in terms of children's development, workforce participation, health and wellbeing, and liveability of communities alike. This is particularly true in respect of long day care services accessed during children's first 1000 days

Children's development

Having access to effective care arrangements and engagement in structured learning from an early age is proven to be beneficial to children's learning and development outcomes, with various studies producing different results in terms of the quantum of benefit and strength of correlation between receiving ECEC services and future development outcomes for children.

One study conducted by the (Victorian) Department of Education and Early Childhood Development and Melbourne Institute of Applied Economic and Social Research estimated the direct casual effects of pre-school attendance to be equivalent to 10 to 20 NAPLAN points or 15 to 20 weeks of schooling at the Year 3 levelⁱ, noting the variability in results between domains of competency and previous performance by students.

These educational outcomes are closely correlated with improved economic outcomes later in life, with greater human capital formation (through improved knowledge and skills) contributing to higher productivity and wage-earning capacity. By way of example, PwC (2014) developed a set of productivity assumptions based on research from the United Kingdom which estimated productivity improvements from improved access and quality of ECEC services of between 0.003 per cent and 0.013 per centⁱⁱ. Whilst marginal, these sorts of productivity gains are crucial in lifting the real wage earning potential of people who benefit from access to childcare and early learning services early in life.

Workforce participation

Access to childcare and early learning services is a crucial enabler of workforce participation, particularly in areas where labour markets are thin and regional economies are growing. Increasing workforce participation is especially important in the Yorke and Mid North region because of the relatively low participation rates observed across the region (53.6% across the Yorke and Mid North versus 62.8% for South Australia in 2021)ⁱⁱⁱ, due in part to the age profile of our communities (with median ages of 51 and 41 respectively).

Among the demand surveys undertaken which captured relevant data (Crystal Brook, Port Broughton, Orroroo and Wilmington), 75.6% of respondents noted they would increase their workforce participation if they had improved access to childcare (either by starting to work, or increasing the number of hours they work). Based on the average number of hours per week long day care services would be accessed (21.8 hours), this equates to 103.1 additional full-time equivalent workers entering the labour force across these four communities.

Increasing workforce participation through expanding access to childcare services will make important contributions towards improving two specific issues in workforce development in South Australia. The first relates to improving participation by women, who most often are left carrying the burden of choosing between career and providing childcare. The second relates to increasing the supply of skilled workers in industries where female participation is higher, including (ironically) childcare, allied health, nursing, medicine and teaching.

Case study – Port Broughton

RDAYMN prepared a cost benefit analysis for establishing a 48 licensed-place long day care service in Port Broughton (July 2022), servicing 64 households and 122 children with an average utilisation rate of 86.7%. From the survey and labour analysis, it was estimated that 18.6 households would be able to re-enter the workforce if a service were to be established (after adjusting for the average number of enrolments per family and workforce intentions).

Based on the average number of hours accessed, rate of employment and median hourly earnings, the estimated additional wage earnings able to be earned by this cohort was \$690,500 per annum.

In a small but growing community like Port Broughton, this sort of workforce growth would be transformational, creating additional household income to support retail expenditure as well as alleviating some of the critical workforce shortages currently impacting the community.

Several Port Broughton employers have reported incidents where they have been unable to attract or retain staff due to childcare shortages, including Barunga Village (an aged care and dementia service provider) and the Northern and Yorke Local Health Network.

Wellbeing

Access to and participation in formal ECEC activities is critical for the wellbeing of children and their families alike. In respect of parents and households, access to childcare creates a range of benefits in terms of providing parents and caregivers with opportunities to manage the load of caregiving (allowing them to address other stressor factors which complicate raising children), as well as allowing them time to work on their own wellbeing.^{iv}

For children, the benefits of attending childcare are reflected in the rationale for the National Quality Standard and corresponding legislation enabling its establishment and supporting its enforcement across the nation. This extends to include both children's physical wellbeing (through being in a safe environment), and social and emotional wellbeing. Various studies have established the (positive) role played by childcare in supporting children's emotional and social development, with many finding that children with higher quality relationships and care through formal childcare becoming more attentive and able to handle emotions once they start school^v.

Liveability

An important determinant of liveability insofar as it enables services that improve wellbeing, giving families choice around work/life balance, support in terms of households and opportunities for social interaction and development activities for children^{vi}. Families value having access to childcare services as it creates options for being able to obtain these benefits, improving physical and mental health and the general satisfaction with where families live.

Demand for childcare

The target cohort for ECEC differs based on service availability locally and policy parameters regarding requirements/opportunities to participate early learning and preschool programs, however broadly consists of those children whose household's usual place of residence is within the catchment location.

Townships acting as a regional service centre, or which host large employment centres, often draw additional childcare demand into the location, reflecting parents' and caregivers journey to work habits. Analysis of childcare demand survey data by RDAYMN indicates resident populations aged 0 – 4 provide a reasonable proxy for demand at the local government area level, noting that existing services just outside or inside LGA boundaries tend to distort results, and a general trend among households not to travel more than approximately 45kms (one way) to access services (noting this is anecdotal only, and the **upper limit of estimates**).

ABS Census data suggests a total catchment population of approximately 3,600 children aged 0-4, with higher birth rates having been observed since 2019.

Single year of age	No. (April 2021)
0	665
1	709
2	704
3	748
4	769
5	794
<i>Average (single year of age)</i>	<i>732</i>

Recent childcare demand surveys conducted in Crystal Brook, Port Broughton, Orroroo and Wilmington indicate demand from approximately 430 children. Results for Port Broughton and Orroroo provide reasonably tight proxies for the Barunga West and Orroroo/Carrieton LGAs respectively based on geography and the concentration of population (or services demand) within these LGAs; these results indicate that demand for services can be met through an average of 0.7 places being available per child aged 0 – 4 within the catchment area.

It is noted that this ratio would be expected to contract as requirements around early learning and preschool enrolments become compulsory, and mid-year intakes commence, respectively.

Other relevant survey results from these surveys are summarised below, noting the Crystal Brook survey was designed and fielded before RDAYMN started its substantive work in this space. Separate surveys have also been conducted for the Port Wakefield community, with demand for 41 children identified through the survey most recently fielded in October and November 2021.

	Crystal Brook	Minlaton	Moonta	Port Broughton	Orroroo	Wilmington	RDA surveys	All applicable
Basic information								
Survey fielded	April 21	Jun - Jul 21	Jun - Jul 22	Jun - July 22	Jul - Aug 22	Aug 22	Jun - Aug 22	Apr 21 - Aug 22
Respondents	92	126	214	64	35	28	127	559
Children covered	166	174	321	122	75	66	263	924
Work intentions with access to childcare								
Start working	n.a.	n.a.	n.a.	16.4%	17.1%	21.4%	17.9%	n.a.
Work additional hours	n.a.	n.a.	n.a.	57.4%	51.4%	71.4%	59.2%	n.a.
Total respondents increasing work	73.2%	n.a.	n.a.	73.8%	68.5%	92.8%	77.1%	75.6%
Average hours demanded per week								
Childcare (long daycare)	n.a.	n.a.	n.a.	23.6	19.6	21	21.8	n.a.
Occasional care	n.a.	n.a.	n.a.	11.2	8.6	19.5	12.5	n.a.
Early learning services	n.a.	n.a.	n.a.	16.3	15.3	6	13.4	n.a.
OSHC	n.a.	n.a.	n.a.	9.8	11.7	9.4	10.2	n.a.
Vacation care	n.a.	n.a.	n.a.	18.2	21.9	22.5	20.3	n.a.

Barriers to childcare in regional, rural and remote areas

Scale of services

RDAYMN has undertaken extensive engagement and financial analysis around the factors influencing the viability childcare services in regional areas. Most notably, these activities have included:

- Engagement with the Australian Childcare Alliance (ACA) and Community Children’s Centres SA (CCCSA) regarding financial and enrolment parameters typically required for their members (for profit and not-for-profit respectively) to operate sustainability;
- Investigations into adaptive reuse for established assets to accommodate services;
- Investigations into greenfield sites for the development of new centres to accommodate new and expanded services, and;
- Discounted cash flow analysis of capital, establishment and recurrent operating costs for various service models involving services being investigated for Department for Education, council and privately held sites.

Through this work, it is apparent that the most significant challenge to securing sustainable ECEC operations in regional, rural and remote areas relates to the scale of services and being able to sufficient enrolments (and sufficiently high utilisation rates) to fund the service and its facilities.

Specifically, the number of children requiring care today, population (and birth rate) forecasts for outyears of service planning, expected utilisation of services across days of the week, and families' ability to enrol on different days of the week based on availability.

RDAYMN has identified three broad categories in this regard:

- **0 – 25 places** – small communities with little or no childcare (other than what might be provided informally, through limited family day care offerings, and in adjacent townships). The outlay of building a bespoke service means the unit cost of capacity for these services are generally prohibitive.
- **25 – 50 places** – small townships which might support a childcare service but which cannot necessarily sustain a pipeline of demand that supports financing a standalone facility on commercial terms.
- **50 plus places** – growing townships and regional service centres that service nearby districts or that have a critical mass locally. These areas can typically aggregate enough demand to warrant services, but the revenues against these services relative to other (metropolitan) means they are less attractive in terms of securing for-profit providers.

Investigations to date have found that catchments needing 25 – 50 place services are the most difficult to meet the service needs under current policy and regulatory arrangements, as they involve the highest unit costs. Below this 25-place threshold, suitable brownfield assets (suitable for adaptive reuse) can typically be identified within communities (notwithstanding access arrangements needing to be resolved). Above this 50-place threshold, total capital costs are larger, however can be recovered over larger service populations and are closer to being commercially attractive (notwithstanding the issues in financing new build developments up front).

Access to facilities

Many community groups working to secure childcare services locally have identified capacity within existing school and pre-school assets that could be accessed to deliver childcare services from – even on a limited basis.

Engagement with Education Standards Board and Office of the Early Years has provided some understanding around the process needed to explore these opportunities and secure access agreements. Site access (i.e. greenfield sites for the development of new assets) may be granted by the Minister following a recommendation being made by the department's Capital Programs and Asset Services unit after an inspection of the site, and that schools' governing councils may choose to contract or establish services in accordance with current departmental policies and relevant ACECQA accreditation policies.

However, it is our understanding that the establishment of new Rural Care services within schools is not allowed under current departmental policies. Noting the characteristics of service catchments with 0 – 25 places demand as described above, this is considered to be a missed opportunity for establishing services using existing assets. It is acknowledged that resources would be required to establish new Rural Care services (in terms of some capital works in refitting and making ready existing school assets), and that schools would need some support in overseeing these services. However, not making use of existing assets to service these (relatively) small service needs appears to be a significant missed opportunity, presenting an opportunity for progress and improvements relatively quickly and (comparatively) cheaply.

Financial sustainability of services

Linked with the preceding to challenges is the financial sustainability of services in catchments with relatively small populations. The size of catchment demand relative to the cost of establishing new assets presents a significant challenge in establishing new services in regional and rural areas, where expectations of growth in catchments plays such a significant role in underpinning investment decisions in metropolitan areas.

Capital outlays and servicing repayments for debt-funded centres requires large numbers of enrolments to provide financial surety to developers of centres. This is challenging when catchment populations in regional and rural areas are small compared with metropolitan areas, so the relative risk appears higher. This is despite the fact that well-scoped services in regional areas can achieve stronger utilisation rates than in metropolitan areas, with the Kadina Childcare Centre being one such example.

Case study – Kadina Child Care Centre

The Kadina Child Care Centre (KCCC) is a not-for-profit community-based provider licensed for 53 places. It has enrolments for 134 children at present, with a current waiting list of 61. Total demand for the service (comprising enrolments and waiting list) is equal to 93 full-time equivalent places, with several families having opted out of the waiting list due to duration of the waitlist and uncertainty when (if) they will secure a place before their children enrolls in school.

Casual vacancies mean that if children are absent due to illnesses or holidays etc the spots are accessible by other children through the internal waitlist (of when casual vacancies occur), often meaning the effective utilisation remains at 100%, and has done so for more than 2 years.

KCCC has no capacity to accommodate additional days from existing enrolments or from parents wanting to enrol younger siblings of families currently enrolled at the centre, and regularly struggle to accommodate request for emergency placements from the Department of Child Protection.

Well-managed regional and rural centres that are optimised effectively can generate reliable, cash flow positive returns to maintain services as going concerns; however, they struggle to attract development capital in terms of funding and financing due to the lack of a policy framework for public investment in childcare assets (across levels of government) and the lack of scale to secure commercial finance for development.

Workforce development and retention

It is acknowledged that attracting and retaining the skilled, compassionate and dedicated workforce required to deliver ECEC services is a challenge across the country and state at present. Retention of family day care providers is a challenge in the Yorke and Mid North region, with many citing burnout and difficulties in maintaining services as sole operators as key challenges.

Attraction and retention of early childhood teachers presents a key challenge, with pay differentials and differences in holiday entitlements between the early childhood and primary education sectors presenting a key challenge to securing sufficient staff to maintain adequate coverage under ACECQA accreditation standards.

Similarly, many services in the Yorke and Mid North region cite significant challenges in attracting deputy service directors (due to challenges in remunerating them competitively), and maintaining adequate pools of relief staff to cover general staff shortfalls due to illness, as well maternity leave positions. This exacerbates burn-out in staff who are having to cover shifts when ill and are often stretched in terms of other care roles.

Priority solutions for improving access to childcare

Our group of community working groups (supported by local governments and RDAYMN) welcome the opportunity to work collaboratively in improving access and quality of childcare and other ECEC services in our communities and the wider Yorke and Mid North region. The following priorities are recommended as key opportunities for delivering this positive change.

Tiered approach to service planning and commissioning

Reflecting the three bands or categories of service need identified above, it is suggested that a tiered approach to service planning be taken to ensure service planning can design services which meet the needs of local communities efficiently and effectively.

This service planning should be undertaken at a region-wide level, cognisant of population distribution, journey-to-work data and families' preferences for location, to provide useful evidence to support well-informed decision-making around where demand can best be serviced, reflecting expected growth and settlement patterns in the medium term.

Capacity planning should then be undertaken once the demand catchment has been defined and understood. Opportunities for adaptive reuse of existing assets (whether Department for Education, local government or other assets potentially available to communities) where demand is forecast between 0 – 25 places services. It is recommended that Rural Care models be expanded to provide the operating models (and governance structures) for these services. The townships of Orroroo and Wilmington would be examples of communities which could be serviced through this type of model.

State and local governments are likely to be best placed to coordinate these activities, with some funding support warranted from the Federal Government.

Catchments with forecast demand between 25 – 50 places should consider whether existing services have capacity for growth. Where they do not, funding should be made available to secure expanded facilities to accommodate new or larger services. Options for procurement models may include open procurement processes where for-profit providers may provide (greatest) value for money, and direct procurement processes to provide grants to existing community-based centres or newly-established community centres where sufficient capacity and capability is shown and value for money is not demonstrated by market-based responses.

State Government is best able to facilitate these processes, with funding support warranted from the Federal Government.

Catchments with forecast demand greater than 50 places should be supported through underwriting and concessional financing arrangements provided by State and Federal Governments. These approaches would address the gap between current and commercially viable investment proposals without necessitating governments to carry the full financial burden.

The costs (or financial risks incurred in any underwriting scheme) should be shared between State and Federal governments.

Initiatives to enable workforce development

State Government should consider a funding model to meet (or at least contribute towards) the costs of early childhood teacher positions within small to medium-sized services at parity with the primary education system to support attraction and retention of these critically important staff in ECEC services.

State Government should consider making final contributions towards the cost of employing service directors within smaller and medium-sized services to help relieve the cost pressures on these services whilst also delivering quality working environments for services.

State Government should appoint additional project officers to support the work being done through the Office of the Early Years to recruit and support Family Day Care providers establish themselves in small communities, and communities where changes in service demand leave catchments underserved through centre-based care providers. These officers should be tasked with educating new entrants around how to work through accreditation processes, and in attracting new providers to establish services.

These project officers could also provide valuable support to established providers in helping them to arrange cover during periods of illness and the likes to help ensure continuity of services to families and to support providers to prevent burnout. State and local governments are likely to be best placed to coordinate these activities, with some funding support warranted from the Federal Government.

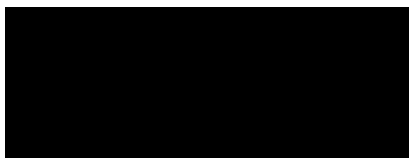
Furthermore, changes to ACECQA standards (and enabling legislative instruments) should also be investigated to explore the possibility of enabling multiple family day care providers to operate from the same premises, provided the service(s) meet the same quality standards and space allocation requirements they would have to abide by if operating from separate premises.

Offer of support and further information to the Commission and policymakers

ECEC is incredibly important to our future – both in terms of the education and developmental outcomes of our children, and the liveability and growth potential of our regional, rural and remote communities. We appreciate this is a complex set of policy challenges, and do not expect governments to solve them without community support.

RDAYMN and each of the groups contributing to this submission would be pleased to discuss this submission, and any of the specific case studies referenced and priority solutions proposed, with the Commission, Review staff or other policymakers further. Please do not hesitate to contact me on [REDACTED] if you require any assistance in this regard, or to discuss this submission for fulsomely.

Yours Sincerely,



Daniel Willson

Chief Executive Officer

Regional Development Australia Yorke and Mid North

On behalf of:

Barunga West Council

Maree Wauchope

Chief Executive Officer

Copper Coast Council

Russell Peat

Chief Executive Officer

Crystal Brook Childcare Inc

Tamara Wilson

Chair

District Council of Orroroo

Carrieton

Paul Simpson

Chief Executive Officer

District Council of Mount

Remarkable

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