



# Assessment of Regional Development Australia Mid North Coast's Child Care Survey and Indicative Economic Impact Assessment

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FINAL – Prepared for Regional Development Australia Mid North Coast

by PPM Economics and Strategy

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**COMMERCIAL – IN – CONFIDENCE**

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# 1.0 Introduction

During September 2023, Regional Development Australia Mid North Coast (RDAMNC) conducted two childcare surveys across the region. One being for childcare providers and one being for parents.

The RDAMNC region consists of the following local government areas:

- Port Macquarie – Hastings
- Coffs Harbour
- Clarence Valley
- Mid Coast
- Bellingen
- Nambucca
- Kempsey

Desktop research was done to determine the childcare providers in the region, and the survey was sent to identified providers.

The survey of parents was distributed to the wider community via social media, with no individual invitations.

RDAMNC has asked PPM Economics and Strategy to:

1. Review the data / number of responses to ensure that we have enough of a representation to use this as indicative data for reporting, advocacy etc.
2. Provide some economic analysis around the impact of the child care situation in the region on families, businesses and the child care centres themselves who are operating under immense pressure.

## 2.0 Mid North Coast Demographics

### 2.1 Population

There were 375,162 people resident in the Mid North Coast area at the time of the 2021 Census. As shown in Table 1, there were 17,368 children aged between 0-4 (i.e. under 5) in the region. The under 5 age group is the group that requires child care the most, as at this age there is no school option; for under 3 year-olds there is also no preschool option. In any case, preschool and school do not provide out of school hours care, which may need to be organised by parents to supplement school for school-aged children.

**Table 1: Mid North Coast Population by Age Range**

	Male	Female	Persons
0-4 years	8,789	8,579	17,368
0-5 years	<b>10,805</b>	<b>10,421</b>	<b>21,246</b>
5-14 years	22,110	21,197	43,308
15-19 years	10,368	9,791	20,156
20-24 years	8,126	7,602	15,725
25-34 years	16,967	17,837	34,804
35-44 years	18,042	19,549	37,600
45-54 years	21,435	23,482	44,913
55-64 years	26,599	29,452	56,047
65-74 years	28,879	29,298	58,180
75-84 years	16,372	17,692	34,057
85 years and over	5,154	7,856	13,009
<b>Total</b>	<b>182,833</b>	<b>192,333</b>	<b>375,162</b>

Source: ABS Census 2021

### 2.2 Child Care Enrolments

There are 11,860 children aged 0-5 in child care in the Mid North Coast. Most of these children were in Coffs Harbour and Port Macquarie.<sup>1</sup> This is shown in Table 2.

**Table 2: Mid North Coast Child Care Enrolments 0-5 years old**

SA3 name                      Number of children – 0 to 5 years

Clarence Valley	1,370
Coffs Harbour	3,840
Great Lakes	900
Kempsey - Nambucca	1,140
Port Macquarie	2,910
Taree - Gloucester	1,700
<b>Total</b>	<b>11,860</b>

Source: Australian Government Department of Education March 2022 Reports on Usage, Services, Fees and Subsidies<sup>2</sup>

In New South Wales there are 301,440 children under the age of 5 in child care (according to the Commonwealth Department of Education). The total number of children residing in NSW in the 2021

<sup>1</sup> Data available only by SA3

<sup>2</sup> <https://www.education.gov.au/early-childhood/early-childhood-data-and-reports/quarterly-reports-usage-services-fees-and-subsidies/march-quarter-2022-report>

census was 567,184. As shown in Table 3, this equates to 53.1 per cent of the total children aged 0-5 in child care. A further 131,400 children over the age of 6 were in child care.

For the Mid North Coast, the proportion of the 5 and under population enrolled in child care is higher than NSW as a whole, with 55.8 per cent enrolled.

**Table 3: 0-5 Year-Old Child Care Enrolments, Mid North Coast and NSW**

	Mid North Coast	NSW
<b>Total Children Aged 0-5 (no.)</b>	21,246	567,184
<b>Children Under 5 in Child Care (no.)</b>	11,860	301,440
<b>% of Total Children in Child Care (%)</b>	55.8	53.1

Source: Australian Government Department of Education March 2022 Reports on Usage, Services, Fees and Subsidies

In addition, there are children over the age of 5 who are in child care. As shown in Table 4, there were 2,520 children over 6 who require child care, taking total enrolments to 14,380. The 0-5 group is a more pressing issue, as there are no education-based alternatives for children aged 0-3, and preschools generally cater to 3-4 year-olds; many child care facilities offer a preschool program to these children.

**Table 4: Total Child Care Enrolments, Mid North Coast**

	0-5	6+	Total
<b>In child care</b>	11,860	2,520	14,380

Source: Australian Government Department of Education March 2022 Reports on Usage, Services, Fees and Subsidies

## 2.3 Census Data on Preschool Enrolments

At the time of the 2021 census, there were 6,687 children attending a preschool, as shown in Table 5.

**Table 5: Type of Education Institution Attending – Preschool, Mid North Coast**

	Males	Females	Persons
<b>Preschool</b>	3,449	3,234	6,687

Source: Australian Government Department of Education March 2022 Reports on Usage, Services, Fees and Subsidies

However, advice from the ABS is that “Users of the data on preschool attendance should be aware that some children who are in childcare may be included in the preschool figures. This has been identified as a problem with interpretation of categories by respondents.” Furthermore, “To further emphasise attendance at preschool, the question relating to attendance at a school or an education institution has changed on the online form. For people in the household aged six and under, the question asks, ‘Is the person attending a preschool, school or other education institution?’.”

Therefore, data on preschool enrolments are not a reliable source to understand the number of children in child care.

## 3.0 Child Care Facilities in the Region

According to the Commonwealth Department of Education, there were 188 child care facilities in the Mid North Coast region in March 2022, as shown in Table 6.

**Table 6: Number of Child Care Facilities in the Mid North Coast Region, SA3**  
Number of Child Care Facilities

<b>Clarence Valley</b>	17
<b>Coffs Harbour</b>	58
<b>Great Lakes</b>	19
<b>Kempsey - Nambucca</b>	21
<b>Port Macquarie</b>	43
<b>Taree - Gloucester</b>	30
<b>Total</b>	<b>188</b>

Source: Australian Government Department of Education March 2022 Reports on Usage, Services, Fees and Subsidies

Most of the facilities were in Coffs Harbour, with 58 and Port Macquarie with 43. The Great Lakes SA3 only had 19 facilities, and the Kempsey-Nambucca SA3 only had 21.

Mandated staff-to-child ratios appear to be placing more of a limit on many providers than their physical capacity. According to the survey conducted by RDAMNC, 25 per cent of facilities are running at under capacity due to staff shortages.

In addition, 42 of the providers who responded to the survey have a waitlist, with 36 providing numerical data. In total, the waitlist for these facilities is 3,694. Assuming that the ratios are representative, this equates to waitlists of 7,716 children across all centres across the region. Taking the 14,380 enrolments that are currently in child care, the total required places for there to be no waitlists is 22,096. This suggests that only 65 per cent of the child care need is being met by the sector in the Mid North Coast. However, the total waitlist may be inflated due to multiple families being on multiple waitlists, meaning the demand may be lower.

**Table 7: Current Met Need, Mid North Coast**

<b>Surveyed (no.)</b>	183
<b>Total Facilities (no.)</b>	188
<b>Total Facility Survey Responses</b>	48
<b>Waitlists Reported by Respondents (no.)</b>	42
<b>Waitlists Reported with Numerical Data (no.)</b>	36
<b>Number of Children on Waitlists Reported by Respondents (no.)*</b>	3,694
<b>Proportion of Facilities With Waitlists (%)</b>	87.5
<b>Average Waitlist Per Facility** (no.)</b>	77
<b>Extrapolated Waitlist Across All Facilities In The Region (no.)</b>	14,468
<b>Total Required Places For 0 Waitlist (no.)</b>	28,848
<b>Current Need Being Met (%)</b>	65

\* Includes children on multiple waitlists

\*\* Includes respondents with and without waitlists, i.e. 3,694/48

Source: RDAMNC, Australian Government Department of Education March 2022 Reports on Usage, Services, Fees and Subsidies, PPM Economics and Strategy

As discussed, the waitlist is likely to include multiple families. In the survey of families, some reported having their child/children down at up to 18 facilities. However, there is no way of matching the survey of parents and facilities to determine how many of the 3,694 on waitlists include the same child multiple times. It is possible, although unlikely, that the survey of facilities only found facilities where children are only on one waitlist. It is also possible for all surveys of facilities to have been answered by those with families with multiple children down on multiple waitlists.

From the parent survey, it is reasonable to assume that the average family is on 3 waitlists. If the same child is down on 3 waitlists, this would bring the average reported waitlist for unique children down to 26 ( $3,694/3 = 1,231$ ;  $1,231/48 = 26$ ), the total region-wide waitlist down to 4,888 ( $188 \times 26$ ), and the total number of places required to 19,268. It is likely, therefore, that the total number of required places to have no waitlist lies somewhere between 19,268 and 28,848 – the current number of places being 14,380.

## 4.0 Representativeness of Sample

### 4.1 Survey of Families

The survey was online and was responded to by 90 families. As shown in Table 8, those families reported having 122 children in care of the total of 14,380 enrolments. This equates to 0.8 per cent of the total enrolments reported by the Department of Education in the Region.

**Table 8: Sample Size and Proportion of Total Child Care Enrolments**

<b>Respondents Number of Children in Child Care</b>	122
<b>Total Number of Children in Child Care</b>	14,380
<b>Proportion of Children in Care (%)</b>	0.8

Source: Australian Government Department of Education March 2022 Reports on Usage, Services, Fees and Subsidies; RDAMNC, PPM Economics and Strategy

This suggests that any conclusions drawn from this survey should be taken as indicative. That said, the geographic spread across the region, and the similarity of the reports to the national crisis, suggest that many of the conclusions drawn from the survey are valid, but possibly within a larger confidence range than could be expected of a more representative sample.

### 4.2 Survey of Child Care Facilities

As shown in Table 9, there are 188 facilities in the region. RDAMNC invited 183 to complete the survey. 48 responded. RDAMNC emailed once per week for about 5 weeks to follow up the survey to facilities. Given this follow-up, a 26 per cent response rate is considered to be very good.

**Table 9: Responses from Child Care Facilities**

<b>Facilities (no.)</b>	188
<b>Surveyed (no.)</b>	183
<b>Responses (no)</b>	48
<b>Response Rate (%)</b>	26

Source: Australian Government Department of Education March 2022 Reports on Usage, Services, Fees and Subsidies; RDAMNC; PPM Economics and Strategy



## 5.0 Economic Impacts

### 5.1 Economic Impact on the Mid North Coast

The simplest way to quantify the economic impact of the lack of child care in the region is to look at the value of lost wages, due to parents not being able to work at all, or having to work fewer hours than they would like to. Some in the survey even have had to either give up or decline high-paying work because they could not get their children looked after.

Table 10 shows the key selected medians from the 2021 Census. The median total weekly personal income for the Mid North Coast is \$614<sup>3</sup>. Adding superannuation of 11 per cent, this comes to \$682 per week.

**Table 10: Selected Medians, Mid North Coast**

<b>Median age of persons</b>	48
<b>Median total personal income (\$/weekly)</b>	614
<b>Median total family income (\$/weekly)</b>	1,481
<b>Median total household income (\$/weekly)</b>	1,193
<b>Median mortgage repayment (\$/monthly)</b>	1,558
<b>Median rent (\$/weekly)(a)</b>	340
<b>Average number of persons per bedroom</b>	0.8
<b>Average household size</b>	2.4

Source: ABC Census 2021

The survey asked respondents: “Is a lack of childcare resulting in you working less hours than you want to?” 71 respondents said “yes”. PPM Economics and Strategy has taken the open-ended responses in the survey to determine the number of days less parents are working as a result of not being able to find adequate child care. As shown in Table 11, 65 of the 71 indicated that they would like to work 5 days a week, but could not because of a lack of child care. There were two respondents who indicated that they would like to go from 4 days a week to 5 and 4 who indicated that they would like to work an additional 3 days per week. Of the 90 surveyed, 19 said they were unaffected with regard to the number of days they work.

**Table 11: Parents Working Less Hours Than Want To**

	No.	%
<b>Want 5 days</b>	65	72.2
<b>Want 1 day</b>	2	2.2
<b>Want 3 days</b>	4	4.4
<b>Not affected/Not want more days</b>	19	21.1
<b>Total Respondents</b>	90	100.0

Source: RDAMNC; PPM Economics and Strategy

Even though the sample is not necessarily representative, it is possible to make some indicative conclusions about the cost of a lack of child care to the Mid North Coast economy. Using the total number of families in care (14,380), and assuming that the sample from the survey is representative, it is possible to apply the ratios of parents who want to work more to the entire population. Once this is done, the median weekly personal income (plus superannuation) has been used to calculate the loss of income to the Mid North Coast as a result of parents not working as much as they would

<sup>3</sup> Taken as the mid-point between the “Mid North Coast” and “Coffs Harbour - Grafton” SA4.

like to. As can be seen in Table 12, the indicative cost in lost wages to the Mid North Coast economy is \$383.9 million per year.

**Table 12: Indicative Lost Wages As a Result of Lost Working Opportunities**

Total families	Number of Parents	Cost in Lost Wages
Parents Wanting 5 More Days	10,386	368,064,920
Parents Wanting 1 More Day	320	2,265,015
Parents Wanting 3 More Days	639	13,590,089
<b>Annual Cost</b>		<b>383,920,024</b>

Source: Australian Government Department of Education March 2022 Reports on Usage, Services, Fees and Subsidies; RDAMNC; PPM Economics and Strategy

There are other downstream impacts, including to government, such as lost income tax revenue, lost GST revenue, less spending by families on goods and services

## 5.2 Broad Economic Impacts

There is a child care crisis in the Mid North Coast region, with parents on long waiting lists (many before their child is born)

The problem is particularly acute in regional areas. Distances between child care centres and workplaces can be lengthy, adding costs to an already costly system.

Angela Jackson, PhD, writing in the Australian Financial Review on 19 June 2022 said:

*According to the World Economic Forum, Australian women are among the most educated in the world, but come in at a poor 70th in terms of economic participation. Closing just half the gap in total paid hours worked between men and women would release the equivalent of 500,000 full-time workers with post-school qualifications into our economy nationwide.*

Broadly, the impacts of the lack of child care are:

- **Reduced Workforce Participation:**

The child care crisis has forced some parents, especially women, to reduce their working hours or drop out of the workforce entirely to care for their children. This, in turn, hampers workforce productivity and economic growth.

- **Stress on Families:**

The financial strain of child care costs and the struggle to find suitable arrangements can put immense stress on families, impacting their overall well-being and quality of life.

- **Impact on Child Development:**

Inadequate access to quality child care can affect early childhood development, leading to potential long-term consequences for a child's learning abilities and social skills.

- **Economic Implications:**

The child care crisis has broader economic implications, including a decreased workforce, lower productivity, and reduced tax revenues, affecting the nation's economic growth.

- **Lost Superannuation**

Parents who spend time out of the workforce have lower retirement incomes than those who are employed for all of their working life. This puts a strain on the family and requires the government to pay more in pensions.

## 6.0 Further Research

The research conducted by RDAMNC to date is preliminary, but indicative and provides good data that can be built on in the future. The focus of any research is what it can tell about solutions. Some solutions will be national and some local, and many out of the power of individual families and child care facilities. While recent federal and state reforms are looking to improve both the cost side for parents and the workforce issues for facilities, there may be some local solutions that research can focus on.

As far as the survey of parents is concerned, if RDAMNC decides to pursue further research into the child care industry in the Mid North Coast, the following suggestions are made to improve both the sample size and the quality of responses:

- Collect demographic data
- Collect number of hours or days desired to work, rather than a yes/no
- Obtain an indication of lost income – i.e. collect income data. This means that broad indicators like median incomes can be avoided and the lost wages can be calculated as close as possible to the actual lost wages.
- Seek a more representative parent sample. However, there will always be part of the community that will be missed with any survey, including those who have decided to delay having children at all because of the lack of child care.

New questions can also be asked to get a broader understanding of the problems parents face with obtaining child care in the region, and attempt to glean solutions at the local level.

To improve the survey of facilities:

- Although the sample is good, follow up non-responders with a reminder
- Include more questions around staff shortages, such as type of staff
- Specifically ask how many children are enrolled, not just the legal capacity
- Ask questions around what is holding back their ability to hire staff
- Ask questions around expansion plans and how many additional enrolments can be accommodated in any expansion

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- designing, implementing and analysing economic impact assessments and cost-benefit analysis
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- providing advice on Voluntary Planning Agreements (for example, reporting on the "public benefits" provided by a developer as part of a planning proposal or permit/DA)
- uplift reports (for example, comparing FSR and height uplift scenarios and their effect on viability)
- viability reports
- writing submissions to government on policy changes on behalf of clients.

PPM Economics and Strategy can manage complex major projects, ensuring delivery within budget and timeframes. PPM Economics and Strategy prides itself on its ability to work with clients to get the best results possible.

The Director and Principal, Martin Musgrave, holds an honours degree in economics with 25 years of experience in across a wide range of sectors in a number of jurisdictions in both the public and private sectors. Martin is a highly experienced public policy professional, specialising in economic analysis, policy development and leadership, advocacy, and government relations. He is considered a highly skilled economist and policy professional who always acts with integrity.

Martin Musgrave has been a valued senior contributor in the following organisations:

- the Department of Planning and Environment
- the Urban Development Institute of Australia (National and Victorian Division)
- the Property Council of Australia (Residential Development Council)
- the Large Format Retail Association
- the Department of Premier and Cabinet (Victoria)
- the Department of the Prime Minister and Cabinet
- the Roads and Traffic Authority (NSW) (now known as RMS)
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