



Pre-Budget Submission

Offering quality early learning for all children to ensure even the most disadvantaged have the best start in life.

December 2023



#BestStartInLife



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Foreword

As the national peak body for the Australian Early Childhood Education and Care (ECEC) sector, the Australian Childcare Alliance (ACA) represents more than **3,000 provider members** who employ more than **75,000 educators** and care for more than **360,000 families** throughout Australia.

Our vision is a future where **every child in Australia has access to high quality, affordable and sustainable early learning services.**

Put simply, the ECEC sector is built on two pillars; a stable and supported workforce and a national collective of strong and viable service providers.

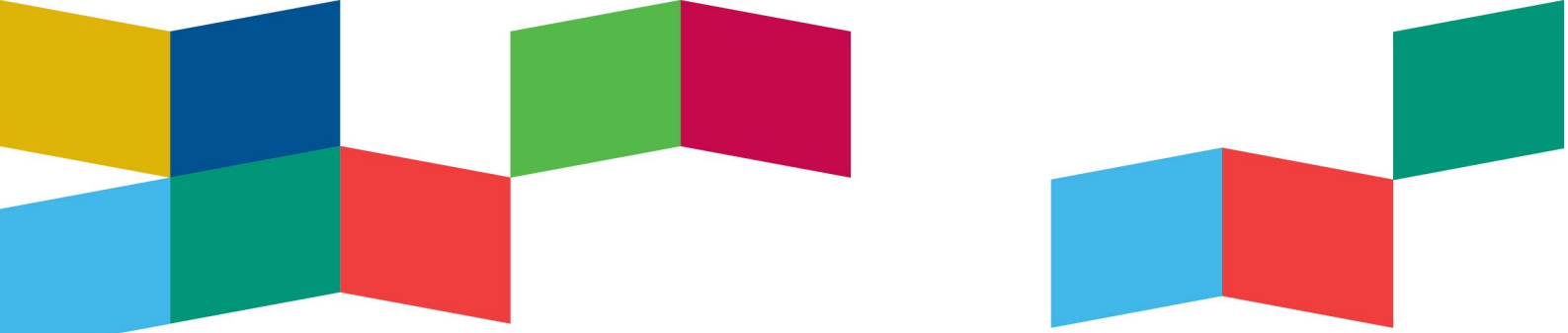
We know that affordability directly impacts a family's access to high quality ECEC service for their child. For some families who experience high levels of financial vulnerability, they face even greater barriers to accessing or affording ECEC because of the activity test. We know that these **families and children benefit significantly more from ECEC as early intervention, education, and care.**

We know that improved wages, conditions, and demand has been a growing issue in the sector, now at **crisis levels with a workforce shortage of over 10,000 educators.** These workforce issues were recognised in 2014 by the Productivity Commission Inquiry recommendations. Nearly ten years on, this issue needs to be urgently addressed, with wage increases identified as a critical factor in **improving outcomes for educators.** Improved outcomes for educators create better outcomes for children, and for families to access high quality care and education services. Whilst wage increases are an imperative, families cannot bear the cost. Government funding is critical to ensure that ECEC remains affordable for all families.

Meanwhile ECEC **providers across the country are struggling to meet the demand for places** and to meet the regulatory requirements for the educator-to-child ratios. This is having a devastating impact on particularly working mothers and is exacerbating an overall worker shortage being experienced in all parts of the national economy.

We need to ensure that **no child is forced out of their early learning service, simply because there is a critical shortage of educators to care for them.** This is happening to families today, right across Australia but is even more acute in regional, remote, and disadvantaged areas of Australia.

We need to urgent response to the ECEC workforce crisis, firstly to ensure **educator's mental and wellbeing needs** are adequately supported to avoid burn out. Secondly, we call for a commitment to



a long-term vision to **build the capacity and number of new entrants to the ECEC sector** by removing barriers for those seeking to undertake ECEC qualifications, creating pathways into early education degrees and investment in a national recruitment campaign.

Australia is experiencing its greatest challenge in the early years setting with the current ECEC workforce shortages, funding that does not reflecting the increased cost in ECEC service delivery, and rapidly growing levels of demand from vulnerable communities, but now across more families with the cost of living. **We know the cost of living affects our most financially disadvantaged families the hardest.** Consequently, **Australia's youngest children are falling through the cracks.**

We call upon the government to use funding levers to ensure child focused funding responds through a needs-based funding model, so that **every child and family have access to affordable, high quality ECEC.** Needs-based funding responds to the needs and level of disadvantage of each child and family, based on their individual circumstances.

Australia urgently needs immediate and long-lasting solutions to the workforce shortages to ensure that we maintain high quality, affordable early childhood education across the nation.

ACA commits this Pre-Budget Submission for your consideration. With its adoption by the Australian Government, we can all ensure that **every child in Australia** has access to high-quality, affordable and sustainable early learning services, and therefore, every child will have the **best start in life.**

Paul Mondo
President





Executive Summary

If adopted, ACA's proposed solutions will ensure that **every child in Australia** has access to high-quality, affordable, and sustainable early learning services and educated and nurtured by a well-resourced and trained educator workforce. These initiatives will help provide **every child** with the **best start in life**.

INVESTING IN AUSTRALIA'S EARLY LEARNING WORKFORCE

Improve educator remuneration (wages & benefits)

We call on the Australian Government to:

- Fund, co-design and co-ordinate an immediate national wage increase without affecting fees for families through a **two-stage process**:

Stage 1 - The Australian Government provides a **short-term** wage supplement grant for the negotiated outcomes resulting from the supported bargaining negotiations.

Stage 2 – **Following the Productivity Commission review of the ECEC sector**, the Australian Government introduces a **new subsidy system that covers the cost** of delivering high-quality ECEC **including** anticipated wage increases. This would provide long-term certainty and remove the need for the temporary wage subsidy whilst maintaining affordability.

The new revised subsidy must provide long-term certainty and remove the need for the temporary wage supplement, without negatively impacting affordability for families.

- Fund **10 hours of backfill per educator per year**, to allow for their ongoing professional development.
- **Incentivise educators to undertake a Bachelor of Education (Birth to Five Years)**, by providing a conditional waiver on the payment of HECS-HELP Fees if graduates complete a minimum of two years of full-time in a long day care service upon graduating. This can be tested through a pilot project across key areas of need.
- Fund \$10 million for the immediate development and implementation of **an early childhood educator recruitment campaign**, for launch within 12 months.

- Fund \$500, 000 for a national communications campaign to **all ECEC approved providers**, to generate awareness about the benefits of offering employees an EAP, and the availability of the ACA/TELUS Health EAP.
- Fund \$500, 000 to allow ACA to develop and lead our recommended ECEC **Employer Education Initiative to the entire ECEC sector**, in order to provide all service providers with the education and resources they need to navigate and respond to the outcomes of the **supported bargaining process** as it impacts the ECEC sector.

AFFORDABILITY – ENSURING NO CHILD FALLS THROUGH THE CRACKS

We call on the Australian Government to support **all families** by:

- Support all families by **abolishing the activity test** and fund all families to **access between 3 and 5 days per week** of subsidised high-quality, affordable ECEC.
- Fund **20 additional days of Allowable Absences** (totalling 62 days).
- Establish a **new national needs-based funding program for children for all ECEC services** that responds to the individual, local community's needs and provides resources for additional support on a needs basis, informed by Australian Early Development Census (AEDC).
- Establish a **new category of ACCS** that can be applied by the service in times of a **declared local emergency**.

REFINING INCLUSION SUPPORT PROGRAM FOR THE MOST VULNERABLE CHILDREN

We call on the Australian Government to support our **most vulnerable families** by:

- Immediately increasing the maximum number of hours for **additional educator support from 5 to 8 hours per day**.
- **Immediately increasing the funding rate for additional educators** to ensure it always aligns with/pays a Certificate III Level 3.2 casual rate plus superannuation (currently \$32.73 per hour plus 11% super).



Investing in Australia's early learning workforce

IMPROVING EDUCATOR REMUNERATION WITH DIRECT GOVERNMENT FUNDING

THE ISSUE

Improving wages for early childhood educators can play a critical role in addressing the workforce crisis. However, it is critical that this is done **without our families bearing additional costs** that will negate the impact of the government's new affordability measures.

These competing priorities must be disentangled to ensure that families can afford the ECEC services they need whilst ensuring that our valued early childhood educators and teachers can benefit from an increase in remuneration.

Staff wages are the largest expense associated with delivering a high-quality ECEC service, with wages representing between 55% and 85% (with a median of 70%) of costs within an ECEC service.¹

Over the last six months, a raft of significant policy changes have impacted the ECEC sector, with more to come as the collective bargaining process unfolds. As a historical first, numerous stakeholders from the ECEC sector have come together to negotiate pay increases and work conditions for early childhood educators through the tripartite negotiations.

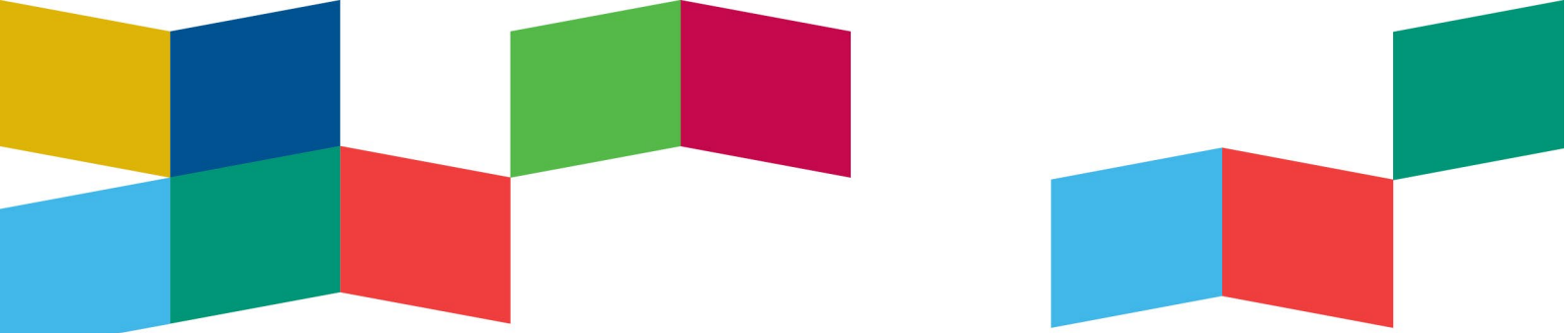
These stakeholders include representatives from the United Workers Union (UWU), the Australian Education Union (AEU) and the Independent Education Union (IEU) along with sector representatives, including a group of ACA members.

With the final outcomes of the collective bargaining process yet to be known, stakeholders agree that the success of this bargaining process is **highly dependent** on the Australian Government providing the funding for the agreed wage increases, to ensure families are not worse off.

With staff shortages already at crisis point, it is critical that this issue is urgently addressed **now** – not in years to come.

This level of urgency was echoed in the recommendations by the Women's Economic Equality Taskforce (WEET), which called for the government to invest in an **interim pay rise for all ECEC workers as an urgent measure to retain and attract workers** as a May 2023 budget priority.

¹ Based on Dandolo Research, Dandolo Partners (2023) *The Cost and Impact of Different Funding Approaches to Increase ECEC Sector Wages: Report for the Australian Childcare Alliance*, Dandolo Partners, Australia



Meanwhile the ECEC sector has been under close review via the two inquiries being carried out by the Productivity Commission and Australian Competition and Consumer Commission (ACCC). To date, both of these inquiries have very clearly acknowledged that the **most pressing issue** facing the early learning sector Australia-wide is the **critical workforce shortage of qualified educators**.

In order to explore **the most efficient, practical mechanisms** for the Federal Government to fund a wage increase to the ECEC sector, ACA commissioned Dandolo Partners (“Dandolo”) to undertake detailed research in this space.

The resulting Dandolo report advised that the most efficient mechanism of funding a wage rise would be a **direct wage subsidy** funded by the government – this mechanism would reduce administrative burden, mitigate risk of ‘leakage’ of money through the system, reduce workplace fraud, ensure the increase was passed directly to the workforce and keep services affordable for families.

In terms of the financial investment for a funded wage increase, the Dandolo modelling presented costings of approximately \$650 million per annum, including \$7.5m a year to administer it.

Below are the estimated costs to government based on wage rise percentage options:

- 15% wage rise would bring an estimated cost of between \$0.9 billion and \$1.3 billion. This represents 7-11% of the current expenditure on the CCS.²
- 25% wage rise would bring an estimated cost of between \$1.7 billion and \$2.2 billion.

The current Draft Report from the ongoing Productivity Commission Inquiry into the early learning sector has acknowledged that:

The pay and conditions offered to the ECEC workforce – long at the heart of recruitment and retention challenges – may be addressed through processes arising out of recent changes to the *Fair Work Act 2009* (Cth), including approval from the Fair Work Commission for a significant number of employers in the sector to commence supported multi-employer bargaining.

Any increase in wages will need to be funded by families or governments, or a combination of both. It is a decision for governments whether funding a wage increase for ECEC workers is a priority use of public funds.³

² On average, this is an additional \$150,000 per service, or an investment of nearly \$1,600 per child.

³ 64, Draft findings 3.1, Productivity Commission (2023) *A path to universal early childhood education and care*, Productivity Commission



SOLUTIONS

IMPROVE EDUCATOR REMUNERATION (WAGES & BENEFITS)

We call on the Australian Government to:

- fund, co-design and co-ordinate an immediate national wage increase without affecting fees for families through a **two-stage process**:

Stage 1 - The Australian Government provides a **short-term** wage supplement grant for the negotiated outcomes resulting from the supported bargaining negotiations.

Stage 2 – **Following the Productivity Commission review of the ECEC sector**, the Australian Government introduces a **new subsidy system that covers the cost** of delivering high-quality ECEC **including** anticipated wage increases. This would provide long-term certainty and remove the need for the temporary wage subsidy whilst maintaining affordability.

The new revised subsidy must provide long-term certainty and remove the need for the temporary wage supplement, without negatively impacting affordability for families. As per the findings of the Dandolo report*, we recommend that the mechanism of funding should be a **direct wage subsidy**.

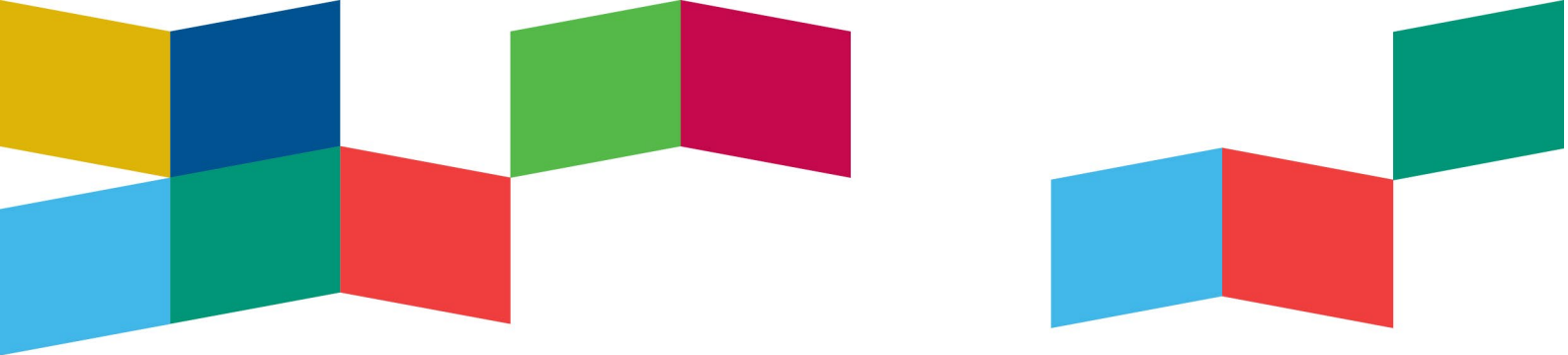
* Page 64, Draft findings 3.1, Productivity Commission (2023) A path to universal early childhood education and care, Productivity Commission

FUND 10 HOURS BACKFILL FOR PROFESSIONAL DEVELOPMENT

THE ISSUE

The long-term professional development of our educators and teachers is critical to building the quality and capacity of our sector. However, the current workforce shortages have created a difficult challenge in terms of how to adequately support the ECEC workforce as individual team members undertake their professional learning. Unlike the school system, early childhood educators do not have four days of “student-free days” per year.

Due to the fact that the early learning sector is highly regulated, there is an extensive raft of mandatory training requirements for all ECEC staff, which must be completed in order for the service to be compliant. This includes annual training of first aid, CPR, anaphylaxis management and emergency asthma management, child protection, food handling, and sleep best practice.



Based on feedback from ACA's member owner/ operators, each educator at their service must undertake a minimum of 10 hours of mandatory professional training annually. This number can vary based on the size and structure of the ECEC service.

Many ACA member services have reported that, due to the impact of staff shortages, they run their training and staff meetings outside of the usual rostered working hours, as this is the only solution to balancing these competing demands. This practice of holding training activities **outside** and **in addition to** regular working hours is adding an additional layer of pressure to an already fatigued and stressed ECEC workforce. It also comes at a cost to families, given that staff are appropriately paid at penalty rates.

ACA recognises and commends the strong commitment from the Albanese Government to support the professional development needs of the ECEC sector, by subsidising the costs associated with backfilling during training, with the announcement of the Professional Development Subsidy (PDS) in the 2023 May Budget. The PDS will support the upskilling of an estimated 6,000 existing educators in their completion of on-the-job teaching placements. The initial rollout of the subsidy focuses on ECEC services in regional, remote, and very remote locations, along with First Nations led services across 2023 to 2024.

These targeted measures correctly address the difficulties in backfilling qualified educators in regional and remote areas, given the reality that many services have to bear the additional costs of arranging flights and accommodation to bring in replacement educators.

The PDS is therefore a positive step in the right direction and will benefit regional and remote communities.

However, the backfilling issue continues to impact the **entire ECEC workforce** Australia-wide and limits the capacity for the urgently-needed professional development of all early childhood educators. Funding is therefore urgently needed for the broader sector – not just in remote areas.

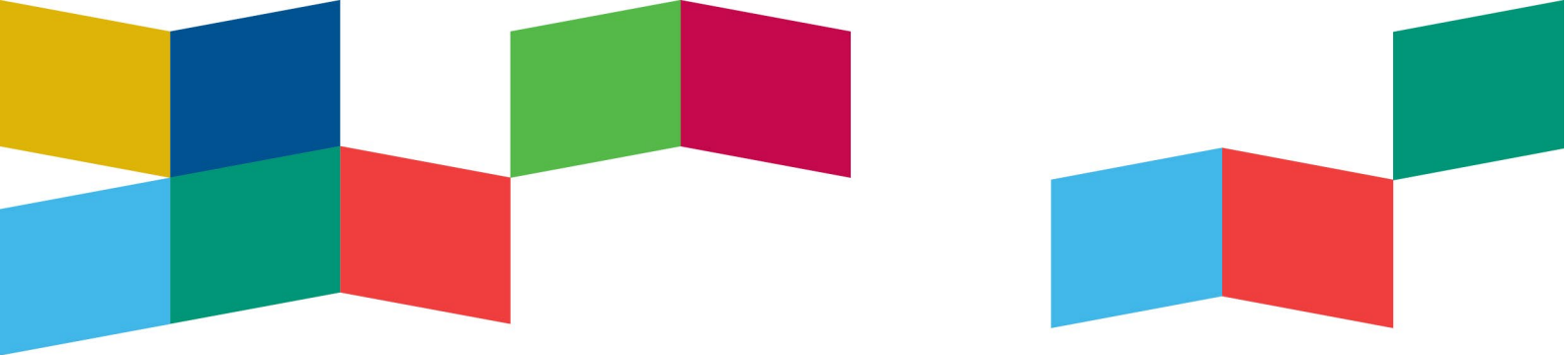
Additionally, the existing criteria for what constitutes “professional development” does not include all types of training which is required in order to maintain a high-quality, compliant early learning service.

For service owner/operators and leaders who are striving to support their service in delivering a high-quality service, there is a raft of non-mandatory additional training and investment into best practice which are not picked up by the “professional development” criteria. This includes training around staff wellbeing, building capacity around pedagogical practice, scaffolding of learning, improving interactions with children & parents and so on.

There can also be additional costs associated with staff meetings, which often occur outside of regular working hours to ensure educators are not taken off the floor, and the service is meeting mandatory staffing ratios. On average, an early learning service will host between four to six staff meetings annually, with each meeting running for approximately two hours. There can also be additional meetings in response to operational changing, compliance updates, process reviews and to address emerging needs, such as responses to service operation changes during the pandemic.

Across a year, this would equate to between eight to twelve hours of professional development per staff member - an additional cost to the service that may be passed onto families through fees.

ACA is acutely aware that primary and secondary schools have dedicated “pupil-free days”, which are government-funded to allow rudimentary professional development and curriculum development activities to take place. In contrast, entire days off for training purposes are not funded in the early learning sector, with a



minimum of two hours prescribed in the awards of non-contact time for educators to plan curriculum each week.

Early learning services must instead roster their staff around professional development and mandatory training times (first aid, child protection, etc.), balancing the need to meet the educator-to-child ratios with the required training. This additional expense of backfilling staff is incurred by the ECEC service and may be passed onto families through fees.

Meanwhile there are many new educators coming into the sector that require substantial professional development, mentoring and support to ensure their consistent contribution to the delivery of high quality service for children and families.

Professional development in the early learning sector is a fundamental requirement of the workforce, underpinned many compliance requirements. Furthermore, it is a well-known fact among the ECEC sector that compliance is interwoven into all areas of operation of an ECEC service, with the biggest cost of regulatory compliance being staffing (to ensure mandatory ratios and qualifications are upheld to meet NQF and NQS requirements). Fundamentally, investment in the professional development of all staff is vital in order to achieve a high-quality, regulatory- compliant service.

Without additional funding support for the professional development of the ECEC workforce, further pressure will be placed on educators to undertake mandatory, ongoing professional development activities as over-time hours – that is, undertaking their training during their evenings and on their weekends, for all of the reasons discussed above.

As a result of these policy settings, the emphasis from the employer is always on the educators to make sure the service is meeting the mandatory educator-to-child ratio requirements, as opposed to supporting educators in their own professional growth. These factors contribute to early childhood educators feeling they are not equally recognised or supported professionally in comparison to their primary school teacher peers, with many Early Childhood Teachers leaving the ECEC sector to work at schools for this reason.

The Productivity Commission’s Draft Report from their Inquiry into the early learning sector has acknowledged that:

the workforce still faces several significant barriers to accessing professional development, including difficulty getting time off work and the cost of professional development activities. Costs to employers of backfilling positions while staff undertake professional development can also be an impediment.⁴

Furthermore, the Productivity Commission recognises the importance of supporting the ECEC workforce to build their capacity through professional development measures through their draft recommendations:

- 3.4: Lift support and mentoring for new early childhood teachers, and
- 3.6 contribute to professional development for the ECEC workforce.

⁴ 68, Draft findings 3.7, Productivity Commission (2023) *A path to universal early childhood education and care*, Productivity Commission



SOLUTION

We call on the Australian Government to:

- Fund **10 hours of backfill per educator per year**, to allow for their ongoing professional development.

CREATE INCENTIVE TO UNDERTAKE ECT TRAINING BY WAIVING HECS

THE ISSUE

The current ECEC workforce shortages have reached crisis levels, and therefore require both short-term and long-term immediate strategies to maintain and upskill the existing workforce, whilst at the same time build the capacity of new entrants to the sector.

In light of the Australian Government's 'Cheaper Child Care' legislation which came into effect in July 2023 to improve affordability for families, Treasury estimated these reforms would facilitate 185,000 additional days in the early learning sector, as most families using ECEC services have at least one parent (usually the mother) who works part time and could work more.⁵

To accommodate 185,000 additional days of work, the ECEC sector would need to accommodate 1.9 million additional hours of care. That will require 42,000 additional days of educator time, the equivalent of 9,000 additional full-time educators will be needed.

With these workforce numbers simply **not available** to meet the increased demands, sadly the objectives of the 'Cheaper Child Care' reforms cannot be achieved.

In 2021, approximately 114,355 educators were undertaking either a Certificate 3 in ECEC or a Diploma of ECEC with an almost two-thirds (62%) completion rate for students enrolled in the Diploma of ECEC.⁶

Based on these numbers and conversion rates, there are approximately 49,910 diploma-trained educators in the sector at the moment who would be eligible to upskill to a Bachelor of Education (Birth to Five Years).⁷

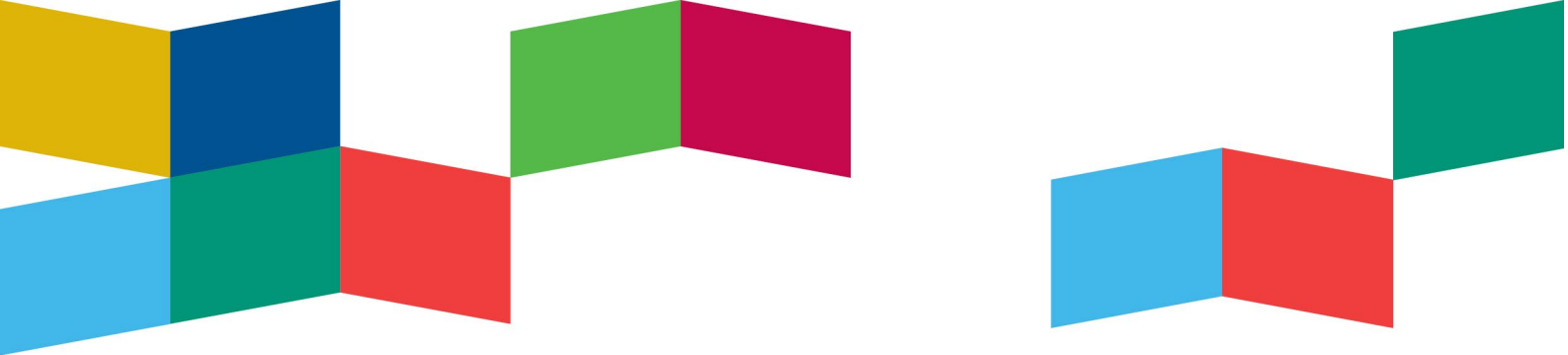
ACA anticipates the impact of an investment in upskilling through HECS waiver programs would result in:

- a potential pool of 7,918 educators upskilling, based on a conversion rate of 15%.

⁵ 252, The Treasury (2023) *Intergenerational Report 2023- Australia's Future to 2063*, The Treasury, The Australian Government

⁶ 38 ACECQA (2022) *NQF Annual Performance Report December 2022*, National Quality Framework, ACECQA

⁷ Ibid

- 
- improved workforce retention rates through upskilling with 67% exceeding the current completion rates of 13%.⁸
 - industry-led partnerships with universities to scale up to meet the national demand for qualified early childhood teachers with fast tracked programs (reduced course time from 3 years to 18 months).
 - The Victorian Government's Early Childhood Innovative Initial Teacher Education program (780 diploma-qualified educators in early 2022, across five universities) and its Upskill Program (offered from 1 July 2022 for 100+ annual enrolments) are attracting strong enrolments. If enrolments were replicated in other states and territories on a population basis, we would see an additional 2,220 – 5,000 enrolments in an ECT qualification.

Historically the waiver of HECs fees via the Early Years Workforce Strategy has been a successful policy in attracting Early Childhood Teachers (ECTs). However, on 1st July 2015, the Australian Government discontinued the waiver of HECS-HELP benefit for ECEC teachers.

ACECQA has tracked the commencement numbers for early childhood initial teacher training degrees, which was 3,187 in 2009 and has gradually increased to 4,288 in 2020 - the **highest number** since 2015.⁹

This very slow uptake of people undertaking their Bachelor of Early Childhood Education can be attributed to the increase of full fees acting, which acts as a disincentive to attract new teachers and upskill educators to build the workforce capacity.

The sector has seen additional implications with ECEC services feeling increasing pressures to meet the growing needs and demands of families, while balancing the mandatory staffing ratio with the current ECEC workforce crisis.

ACECQA quarterly reporting provides the following insights:

- On 30 September 2015, there were 3% of services who were operating with a staff waiver (Long Care Centres had 6.5% of staff waivers).¹⁰
- On 1 October 2023, there were 10% of services who were operating with a staff waiver.¹¹ ACECQA reported the highest levels of staff waivers across all of Australia with 17.4% of all Long Day Care services across Australia having at least one staff waiver in place which has increased by 0.4% since 1 July 2023 and reflects the acceleration of ECEC staffing challenges in service delivery.¹²

In 2019, the Morrison government's response to the Closing The Gap Report¹³ resulted in an initiative to waiver teacher's HECs debts on the condition that they work from a remote location across four years. The

⁸ Based on the Front Project's Upskill Program, 2022.

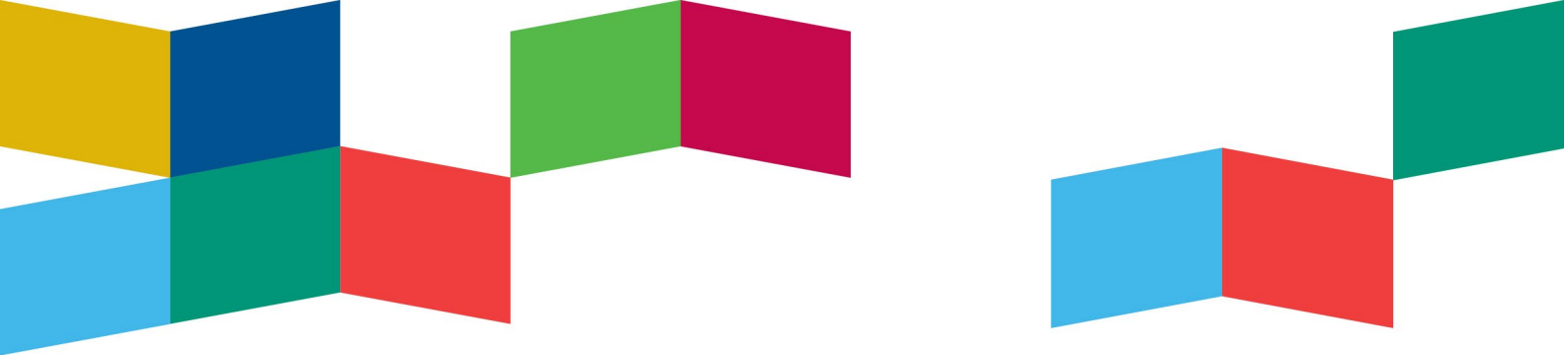
⁹ 39, Australian Children's Education and Care Quality Authority (2022) *NQF Annual Performance Report December 2022*, National Quality Framework, ACECQA

¹⁰ Australian Children's Education and Care Quality Authority (2015) *NQF Q3*, ACECQA

¹¹ Australian Children's Education and Care Quality Authority (2023) *NQF Q3*, ACECQA

¹² Australian Children's Education and Care Quality Authority (2023) *NQF Snapshot Q3 2023, November 2023*, ACECQA

¹³ Australian Government (2020) *Closing the Gap Report*, Australian Government <https://ctgreport.niaa.gov.au/>



government estimates this initiative will support 300 primary and high school teachers, and 150 preschool teachers and ECTs.

The 2023 May Budget announced targeted funding to help address the ECEC workforce shortages with a commitment to 80,000 early childhood educators benefiting from the program. The Budget created the Paid Practicum Subsidy with the initial targeted support for 2,000 ECTs to undertake practicum in regional, remote, and very remote locations, or in a First Nation services.

The Budget also created the Commonwealth Teaching Scholarships to encourage school leavers, those seeking career changes and educators seeking to upskill to undertake an undergraduate or post graduate teaching degree with the requirement to work in government schools or government ECEC services.

Whilst these recent policy commitments are commended, they do not adequately address the much broader, nation-wide issue of the workforce shortages across all ECEC service models, amounting to a shortage of over 10, 000 educator across Australia.

The Treasury's September 2023 White Paper on Jobs and Opportunities¹⁴ acknowledged that:

A high-quality and more equitable education system will lift the level of human capital in the economy, growing the number of students going into the tertiary system and ultimately contributing to stronger productivity growth. This journey starts early, with the quality of education received early in life having long-term influences on productivity.¹⁵

We recommend revisiting the previous policy approach to incentivise educators through a conditional waiver of HECS-HELP fees - for those undertaking a Bachelor of Education (Birth to Five Years) by extending the Commonwealth Teaching Scholarships to all ECEC service types, including privately-owned/for-profit services. These changes would contribute to building the long-term sustainability and capacity of ECTs, the ECEC sector and growing population demands.

As a long-term strategy, this investment would benefit more children and support parents to return back to the workplace, resulting in well-qualified ECTs and a growing pool of educators in the pipeline to contribute to the ECEC workforce across Australia.

SOLUTION

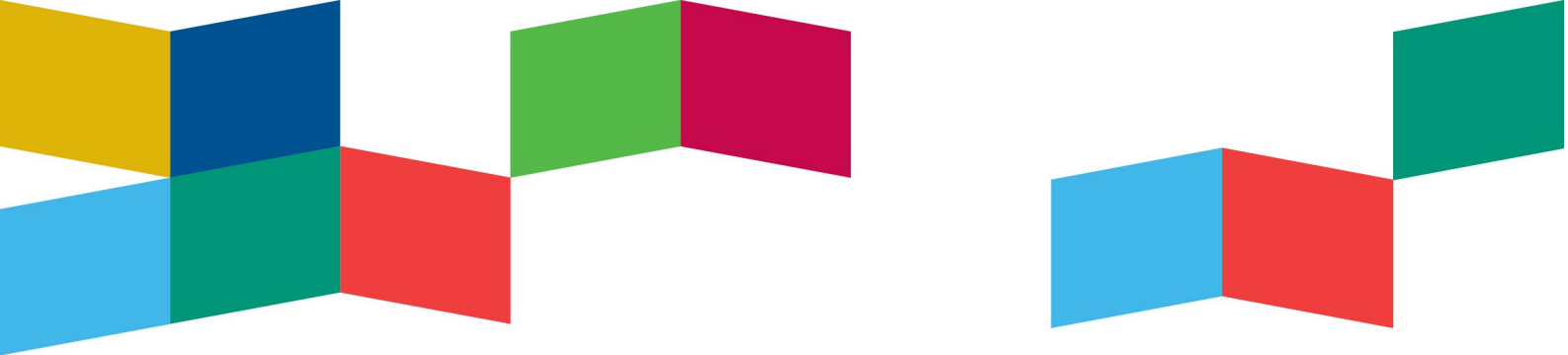
We call on the Australian Government to:

- Incentivise educators to undertake a Bachelor of Education (Birth to Five Years), by providing a conditional waiver on the payment of HECS-HELP Fees if graduates complete a minimum of two years of full-time in a long day care service upon graduating.

This can be tested through a pilot project across key areas of need.

¹⁴ 89, Australian Government (2023) *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, September 2023, Australian Government.

¹⁵ Ibid



FUND A NATIONAL COMMUNICATIONS CAMPAIGN TO PROMOTE WORKING IN THE SECTOR

THE ISSUE

The critical workforce shortages have resulted from a range of factors over the past ten years. These factors include but are not limited to the stresses of working through the pandemic years, losing 5% of the workforce due to the COVID vaccine mandates, the trend of degree-qualified candidates moving across to the school system, the challenges to fostering positive health and wellbeing when working in an under-staffed service, coupled with the absence of a formal recruitment program for the ECEC sector.

ACA is acutely aware of the **vastly inadequate number of school leavers and older jobseekers** considering early childhood education as a long-term career choice.

Beyond placing job ads, individual early learning service providers simply do not have the resources to strategically reach out to school leavers, people seeking career changes and others who may have an interest and passion for early education but are unaware of the training pathways.

The Albanese Government recently announce a \$10 million teacher recruitment campaign, aimed at driving primary and secondary teacher recruitment. The campaign is anticipated to run from 1 November 2023 to April 2024 with a national reach across billboards, train stations and social media platforms.

In the context of the current ECEC workforce crisis, and the value placed on the importance of early childhood education, a similar campaign with the same level of commitment and funding to recruit entry-level early childhood educators is urgently needed for our sector.

The current Productivity Commission Inquiry identified workforce ‘challenges are exacerbated by a range of structural factors – such as poor access to career pathways and barriers accessing qualifications – that constrain the longer-term supply of workers in key ECEC occupations.’¹⁶

ACECQA’s Children’s Education and Care National Workforce Strategy (National Workforce Strategy)¹⁷ - under Focus Areas 1.4 and 2.3 - recommended a national communications campaign to promote early learning and care careers, along with the development of a suite of resources highlighting the career pathways within the sector.

Among the National Workforce Strategy priorities, the national communications campaign was deemed a lower priority and is anticipated to deliver upon by 2028¹⁸ – this is simply not soon enough.

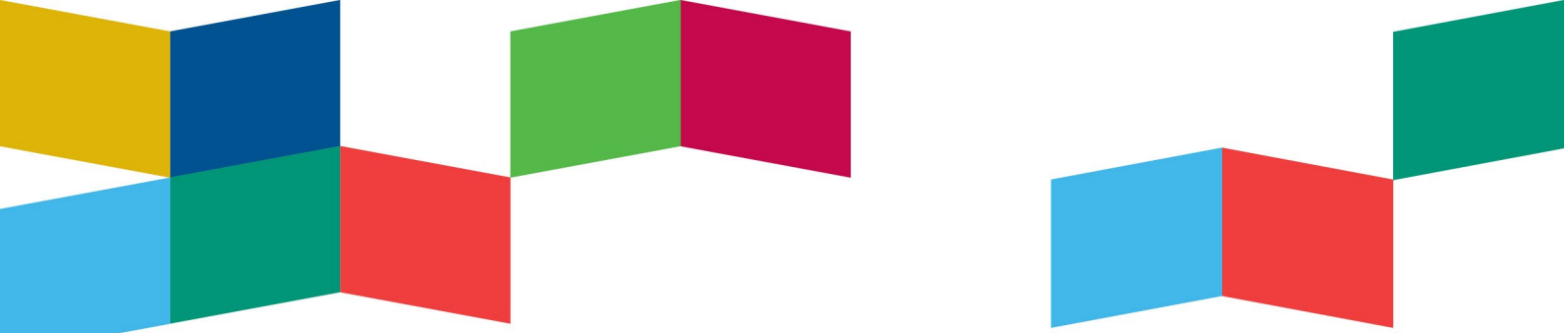
The latest Job Outlook data indicates that we will need another 7,000 teachers by 2023 and 30,000 educators for the ECEC sector, so waiting six years to deliver on this strategy is too long.¹⁹

¹⁶ 175, Productivity Commission (2023) *A path to universal early childhood education and care*, Productivity Commission

¹⁷ ACECQA (2021) *National Children’s Education and Care Workforce Strategy, Public Consultation Findings May 2021*, ACECQA

¹⁸ Based on this recommendation given medium priority

¹⁹ ACA’s joint submission ‘Strengthening Australia’s early learning and care workforce’ with ELCCA and The Front Project in 2022



ACA's annual national community event Early Childhood Educators' Day plays an important role in raising awareness of the important role of Australia's early childhood educators, whilst at the same time contributing to job satisfaction, positive mental health and wellbeing and a positive team culture.

However, the early learning sector urgently requires a national education campaign to elevate the reputation of the sector as a **career pathway**, highlighting the benefits of working in the sector along with the various career pathways and opportunities available to early childhood educators and Early Childhood Teachers beyond their entry role.

We would strongly recommend that the key communications assets would include a campaign website which shines a light on the rewarding role of an early childhood educator, offers all relevant information to help candidates research their study options and seek the financial assistance available at both federal and state levels, and includes or provides links to a jobs board for the sector.

SOLUTION

We call on the Australian Government to:

- Fund \$10 million for the immediate development and implementation of an early childhood educator recruitment campaign, for launch within 12 months.

Timeframe: Short- to medium-term. The campaign will generate results over 1-4+ years (based on qualification timelines). The campaign should enable direct contact with employers and education and training providers, via a central information hub. It would also support school-based traineeships.

Estimated impact: A short digital marketing campaign (6 weeks) could expect to record around 4 million views and generate 40,000-60,000 visits to a campaign website (based on ELACCA's Big Roles in Little Lives campaign). If conversion of website visitors to course enrolments was only 2%, this would mean an additional **1,000 enrolments** in an early learning qualification.

Collaboration: ACA would be more than happy to assist in developing the recruitment campaign including working with other agencies and early learning stakeholders in a collaborative effort, to ensure it is implemented in the most impactful and cost-effective way and covers off all service types.



FUND THE PROMOTION OF ACA'S LOW-COST, HIGH-QUALITY EAP TO ALL SERVICE PROVIDERS

THE ISSUE

The early learning sector is long overdue for the introduction of a low-cost, high-quality Employee Assistance Program.

According to the Black Dog Institute, mental illness is now the leading cause of sickness absence and long-term work incapacity in Australia²⁰.

An Employee Assistance Program (EAP) is an employer-funded mental health support mechanism for employees which includes access to free counselling/therapy for personal life issues such as a death in the family, the end of a marriage or workplace stress. Research indicates that every \$1 spent to improve mental health at work can achieve returns of up to \$4 through improved productivity and savings from workers compensation claims²¹.

We know that the last few years of the pandemic were exceptionally stressful for our early childhood educators, with the responsibility of being “essential workers” and continuing to work on site during lockdowns, while upholding strict COVID health protocols, including parents not being allowed to enter the service and help settle their child.

Educators are often the first responders to families experiencing significant difficulties ranging from domestic and family violence, to living through natural disasters, with their ECEC services often the consistent community they feel safe and supported.

The impact of the past few stressful years is evident with the ACECQA 2021 Workforce Strategy Consultation Findings Report indicating that **73% of the 3,800 educators surveyed across Australia planned to leave their job with three years** because of feeling overworked, stressed, and burnt out.²²

The survey also highlighted that 95% of the ECEC providers support introducing staff wellbeing support mechanisms, as long as they are affordable for services and adequately accessible for educators to help support their personal mental health needs.²³

This consultation helped inform the National Workforce Strategy Focus Area 4 on ECEC workforce wellbeing, which resulted in Focus Areas 4.1, which recommends investigating options for fostering improved wellbeing in the ECEC workforce.

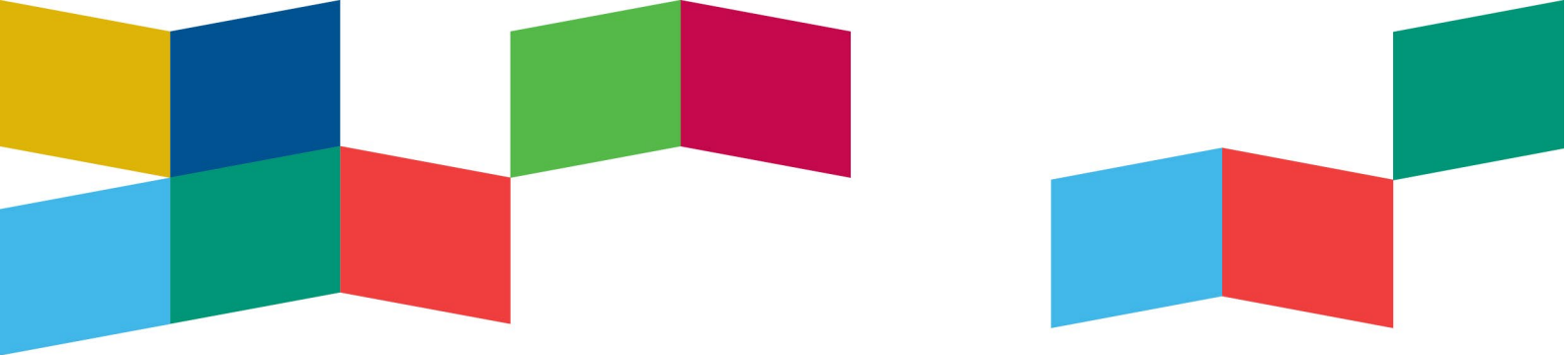
ACA has been the leader in the early learning sector by being the first to develop and roll out a high-quality,

²⁰ Black Dog Institute (2023) *Workplace Wellbeing*, Black Dog Institute, Australia

²¹ Serena Yu & Nick Glozier, (2017) *Mentally healthy workplaces – a return-on-investment study*, SafeWork NSW, Centre for Health Economics Research and Evaluation (CHERE), University of Technology Sydney and Brain and Mind Centre, The University of Sydney

²² ACECQA (2021) *National Children's Education and Care Workforce Strategy, Public Consultation Findings May 2021*, ACECQA <https://www.acecqa.gov.au/sites/default/files/2021-07/Nationalworkforcestrategy-publicconsultationfindings-May%202021.pdf>

²³ ibid



low-cost EAP in partnership with TELUS Health²⁴. This initiative also delivered Focus Area 4.1 of the National Workforce Strategy, one of the first to be delivered. By removing the **cost barrier** for small-medium service providers, the ACA/TELUS Health EAP allows early learning services of all sizes and service types to support and respond to their educators' mental health and wellbeing needs.

This EAP model has been successfully taken up by many ACA members, with positive feedback about improved outcomes resulting from having the ongoing EAP service in place for their team members and the immediate capacity for educators to access support when needed.

In order to ensure that the entire early learning sector has access to an affordable, high-quality EAP, ACA would like to extend this offer beyond our member base to as many ECEC services as possible, in the interests of ensuring that the entire ECEC workforce has access to free mental wellbeing supports and that their immediate mental health support needs can be immediately addressed.

We recommend investing in a national information campaign to **all ECEC approved providers**, to generate awareness about the benefits of offering employees an EAP, while promoting the availability of the low-cost, high-quality ACA/TELUS Health EAP developed for the sector.

We estimate a broad budget of \$500, 000 to spend on the media and promotion, including:

- Communication assets including website, social media, EDM, videos and case studies
- Internal Staffing Resources
- Speaker placements and exhibition booth allocations at sector conferences and events across the country.

These communications would include direct emails to approved providers from the Department of Education and ACECQA, website content on relevant Government Department websites, direct communications to approved providers from State Government Departments of Education, and presence at large-scale sector events (ACA events plus other ECEC sector conferences across Australia).

In terms of communications assets, we recommend some video case studies from the service provider perspective as well as possibly some from the educator perspective. *

**Producing video case studies from the educator perspective may be difficult as we imagine very few would be happy to talk about their use of the telephone counselling service but perhaps they would be comfortable talking about the other benefits of the EAP such as the health assessment programs, the information resources on general health and the discounts available via the online platform.*

²⁴ Australian Childcare Alliance (2023) *Support the Mental Health and Wellbeing of your Staff*, Australian Childcare Alliance
<https://childcarealliance.org.au/partners/telushealth>



SOLUTION

We call on the Australian Government to:

- Fund \$500, 000 for a national communications campaign to **all ECEC approved providers**, to generate awareness about the benefits of offering employees an EAP, and the availability of the ACA/TELUS Health EAP.

EDUCATING AND EMPOWERING THE SECTOR TO RESPOND TO INDUSTRIAL RELATIONS OUTCOMES

THE ISSUE

In an historical first, Australia's Early Childhood Education and Care (ECEC) sector has commenced the process of negotiations for Government-funded pay rises and better working conditions for the ECEC workforce.

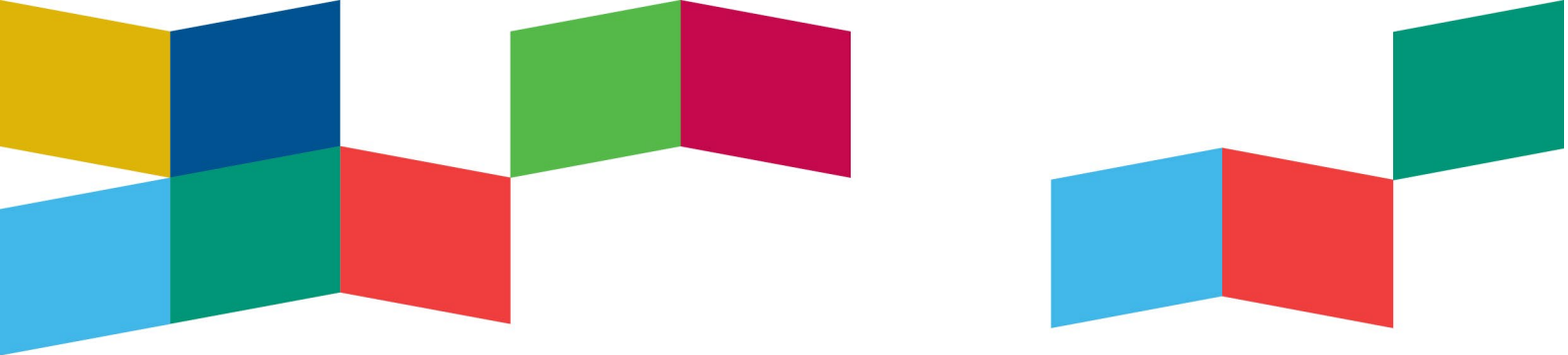
This marks the first ever supported bargaining negotiations for the early learning sector, made possible under new Secure Jobs, Better Pay Act, which – in the case of the early learning sector - brings the Australian Government into the process.

Whilst the initial negotiations will only impact the staff of those service providers directly participating in the formal process, in due course the resulting Enterprise Agreement(s) can be introduced by other service providers if they or their staff members apply to participate.

ACA has been regularly engaging with our member base about the unfolding process, what it means for the sector, and what individual service providers can expect in terms of processes and possible outcomes. This regular engagement has revealed that many of our members are deeply concerned about the supported bargaining negotiations, many simply do not understand the process and some don't even think it is at all relevant to their own service.

ACA surveyed members in November on their thoughts and feelings about operating in 2024. The survey results indicated that 66% of members are concerned about the potential outcomes of the Fair Work Commission decision.

The ongoing impact of the workforce shortages means that almost all small service providers and their leaders are now regularly engaged in the day-to-day education and care of the children at their service. They simply do not have the time, experience nor the resources to adequately prepare for, let alone understand, the new multi-employer bargaining and other provisions of the Secure Jobs, Better Pay' legislation.



Given that over 60% of ECEC providers across Australia are small businesses - the vast majority of which are owned by providers with a single service licence - and don't have the resources to employ industrial relations specialists, it is clear that the early learning sector is in **urgent need of guidance and support** to assist them in navigating through the potential outcomes as the formal process rolls out.

ACA's objective above all is to avoid the unintended consequence of the combination of fear and confusion resulting from a lack of trusted and non-partisan information, forcing smaller providers to exit an already over-stretched sector.

We believe there is an urgent need for a targeted campaign to educate, calm, mitigate misinformation, offer constructive collaboration and provide a suite of practical resources and real-time support to these providers.

In the absence of any assistance with their industrial relations obligations in the coming months as the supported bargaining outcomes take effect, ACA is concerned about the risk of our sector fracturing under the weight of such uncertainty, putting the national economy at risk and creating instability for individual service providers, the educators they employ and the families and children they educate and care for.

The next few months offer an opportunity to generate awareness and understanding among the sector around the potential outcomes of the new multi-employer bargaining process, therefore enhancing their capacity to effectively engage in the flow-on effect of the current negotiation process.

An ECEC Employer Education Initiative would deliver an evidence-based education program, practical resources and real time advice and support to prepare small and medium ECEC providers to engage with the new Secure Jobs, Better Pay legislation.

We propose to design, develop and implement an education program and resources to allow small and medium ECEC providers to access accurate, practical information about the pending industrial relations processes and changes; to build capacity to ensure they are able to engage with their members and their union representatives in a timely, confident and informed way; and to maintain communications with their employees to ensure the relationship remains positive, empowering and engaging.

This would include the provision of online information, interactive webinars, face-to-face training sessions and key speaker sessions at sector conferences.

The ECEC Employer Education Initiative will seek to:

- reduce misinformation, confusion, and disharmony within the sector.
- provide easy access to clear, accurate and consistent information, tools and support, allowing service providers to voluntarily opt into multi-employer bargaining processes.
- increase awareness and the capacity of providers to effectively engage in negotiations and reduce the likelihood of further industrial action by ECEC sector employees.
- offer practical support to then facilitate time savings and efficiencies, allowing providers and employees more time to focus on the delivery of their education and care services.
- support every employee, regardless of their union membership status, to feel included in the negotiation process and will understand every step of the reforms, how it will impact them and what decisions they may need to consider.

Moving forward with open, mutually respectful negotiations will improve the goodwill between providers and employees and ultimately enhance ECEC sector outcomes.

SOLUTION

We call on the Australian Government to:

- Fund \$500, 000 to allow ACA to develop and lead our recommended ECEC Employer Education Initiative to the entire ECEC sector, in order to provide all service providers with the education and resources they need to navigate and respond to the outcomes of the supported bargaining process as it impacts the ECEC sector.





Affordability – ensuring no child falls through the cracks

REMOVE THE ACTIVITY TEST FOR AN EQUITABLE EARLY LEARNING SYSTEM

THE ISSUE

Affordable access to high-quality early learning services is a **fundamental need** for all Australian families with young children, as well as those planning to have children. Along with the rental and housing markets, the cost of access to ECEC services continues to be a key focus for many families, along with the media and the current government inquiries.

ACA commends the Albanese Government for prioritising affordability of early learning services by increasing the Child Care Subsidy (CCS) rates for many families under the *Family Assistance Legislation Amendment (Plan for Cheaper Child Care) Bill 2022* which came into effect on 10 July 2023.

Despite this landmark change to the CCS, sadly some barriers to affordability still remain and therefore need to be addressed by the Australian Government.

Activity test locks out some children, creating inequity

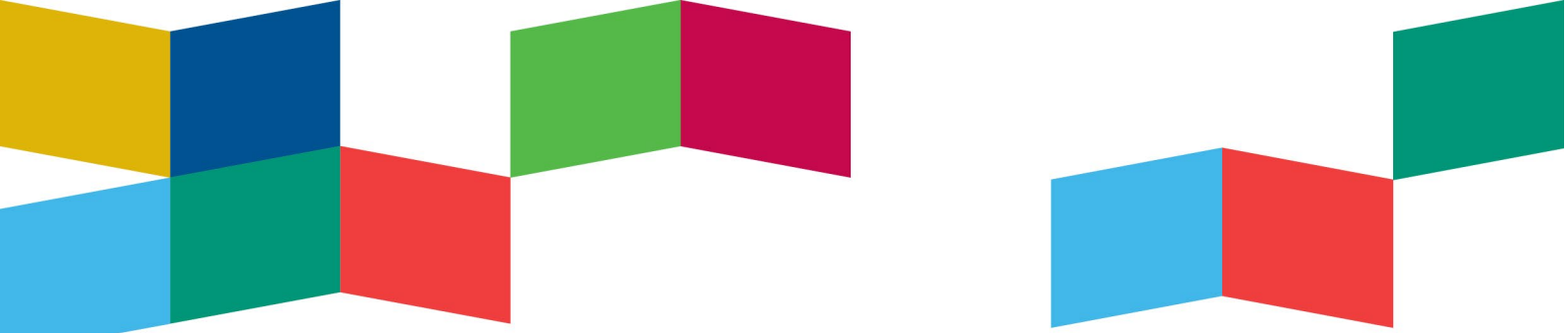
The activity test was designed by the Coalition Government with the aim of incentivising workforce participation through more affordable childcare for those who work. This model automatically disadvantages the children of parents who may not be working or undertaking other eligible activities, and unfairly denies these children of the best start in life via adequate access to high-quality early learning.

There is growing evidence to support the removal of the activity test, in order to prevent inequitable outcomes for Australia's youngest children:

- the activity test contributed to 126,000 Australian children from low-income households missing out on ECEC²⁵
- 50% of low income households spend between 5% to 21% of their disposable income on childcare, compared to 2% to 9% for households with the highest income²⁶

²⁵ 4, Angela Jackson, Dr Margaret McKenzie, & Emma Grey (2023) *Child Care Subsidy Activity Test: Incentive or Barrier to Labour Force Participation?* Impact Economics and Policy, Australia

²⁶ 105, ACCC (2023), *ACCC Interim report June 2023*, ACCC

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- removal of the activity test during the Covid pandemic period saw an increased levels of ECEC participation of vulnerable families. In June 2021, there was a 12 per cent increase in Aboriginal and Torres Strait Islander children's participation in ECEC across 9 months.²⁷
 - abolishing the activity test would save an estimated \$1,306 million to the government across 2023-24.²⁸
 - The activity test fails to consider a range of circumstances that affect women, including being a single mother or the sole income earner in a partnership on a lower wage, casual employment, or additional unpaid caring roles within her family. Each of these situations would impact eligibility under the existing activity test for CCS.
 - Sector support for abolishment of the activity test - [Appendix A - Equity measure Joint Proposal](#).

The **removal of the activity test is one of the fastest actions** that can be undertaken **to create meaningful and tangible gender equality**.

The Women's Economic Equality Taskforce (WEET) called for the removal of the activity test as a budget priority, through 'courageous, urgent, and targeted action in the short term, that is underpinned by a **series of structural reforms that can build fairer, inclusive, and stronger systems**.'²⁹

As part of the 2023 Productivity Commission Inquiry, the draft report highlighted how the current system limits access to ECEC for low income families. The Commission called for action through the draft recommendation 6.2 - Modify the Child Care Subsidy to improve affordability and access which included that:

- all families should have access up to 30 hours or three days of subsidised care per week without an activity requirement.
- families with annual income at or below \$80,000 should be eligible for a subsidy rate of 100% of the fee, up to the hourly rate cap.

Maintaining the activity test criteria will exacerbate existing inequity and increase financial disincentives and barriers to work, study and training for parents of young children.

Whilst the recent changes with the universal 90 per cent child care subsidy are commended, these benefits will not be available to all families and will affect the number of hours for low income families with less than 16 hours of work, study or training.

This perpetuates disadvantage, excluding too many vulnerable families with young children who do not qualify for a minimum level of subsidised access due to their work/life situation. These children are already disadvantaged. They need to be better supported, not further discriminated against by being denied the same equity of access to quality care and education.

²⁷ 6, Commonwealth of Australia (2022), *Education and Employment Legislation Committee - Official Committee Hansard*, 7 April 2022, Commonwealth of Australia

²⁸ 5, Angela Jackson, Dr Margaret McKenzie, & Emma Grey (2023) *Child Care Subsidy Activity Test: Incentive or Barrier to Labour Force Participation?* Impact Economics and Policy, Australia

²⁹ Women's Economic Equality Taskforce (2023) *Letter to Senator the Hon. Katy Gallagher re: Women's Economic Equality Taskforce advice for May 2023 Budget*, Women's Economic Equality Taskforce, Department of the Prime Minister and Cabinet, Australian Government



The **single most tangible and measurable change to the ECEC system to create more equitable access would be to remove the activity test.**

SOLUTIONS

We call on the Australian Government to support **all families** by:

- Abolishing the activity test.
- Allowing all families to access between 3 and 5 days per week of subsidised high-quality, affordable ECEC.

FUND 20 DAYS OF INCREASED ALLOWABLE ABSENCES (TOTTALLING 62 DAYS)

THE ISSUE

The Child Care Subsidies have traditionally allowed families to be absent from their service for up to 42 days per year and still be eligible for subsidies to be paid. These absences include public holidays, annual leave, and absences as a result of illness.

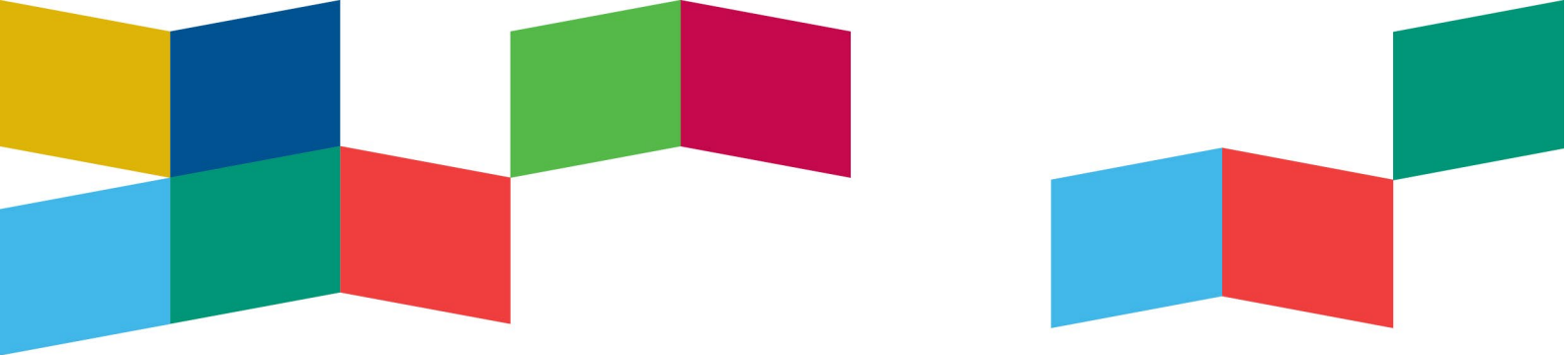
Through the COVID pandemic period, the number of allowable absences was increased in recognition of the fact that children were more likely to be absent from their service for longer periods due to the impacts of the pandemic. Most recently, the Federal Government's 2022-2023 budget allowed for an additional 10 allowable absences for children and has provided financial relief to many families with absent children due to illness. This was a successful and targeted measure to support affordable access for families and ensuring the ECEC sector remained viable during the pandemic and following on from it.

These supportive measures expired at the end of July 2023, with a return to 42 days of Allowable Absences available to families annually. Whilst elements of the pandemic have abated, families are more inclined to keep their child at home when unwell and services more strictly enforcing these rules.

With the 42 day counts beginning on July 1, ACA member services are concerned that many families will have exhausted their allowable absences in the early months of 2024 meaning that families will incur full fees once they exceed those allowable absences, until the count resets at the end of June.

With no further allowable absences, it arises that parents may choose to send their sick child to their service given they are paying for it anyway. This scenario can expose the educators and other children in the service to health risks that could have been prevented.

Many families may feel they have no choice but to bring their unwell child to a service, and their allowable absences used for the year, this also exposes educators to more sickness. This during a time of critical



workforce shortages across the ECEC sector, which heavily relies upon a consistent, healthy, qualified, and experienced workforce to offer spaces to families with the mandatory ratios.

The implications of insufficient allowable absences cost families more, affect women's return to work and workforce productivity.

SOLUTION

We call on the Australian Government to:

- Fund 20 additional days of Allowable Absences (totalling 62 days).

ESTABLISH A NEW NATIONAL NEEDS-BASED FUNDING PROGRAM FOR ADDITIONAL SUPPORT TO CHILDREN FOR ALL ECEC SERVICES

THE ISSUE

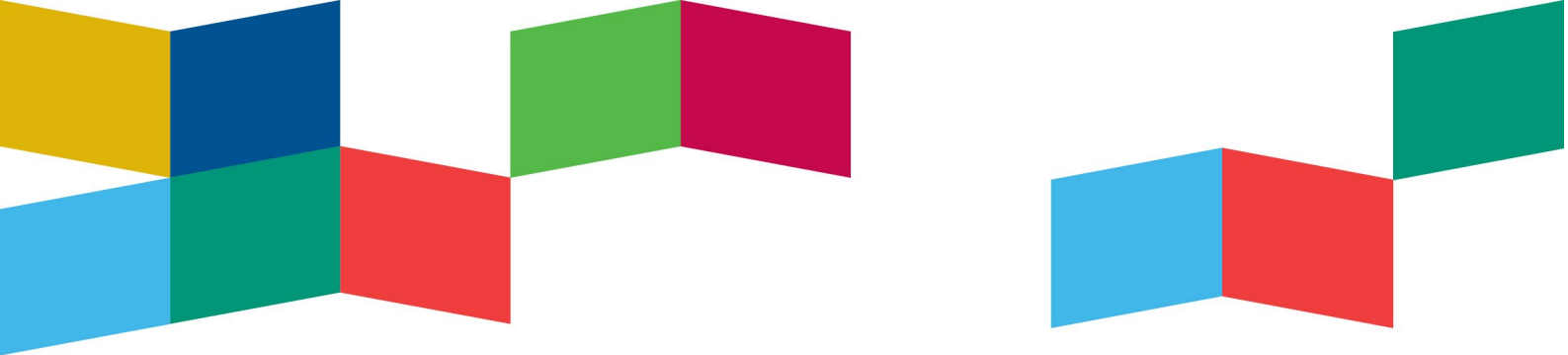
Early learning services work with families from diverse backgrounds experiencing social and financial vulnerability challenges. However, not all families and children have access to the daily support, care, and early education to link to additional services as required.

In a 2014 report, PwC estimated the economic benefit of investing in vulnerable children is at \$13.3 billion cumulative with additional contribution to GDP by 2050.³⁰ This exceeds the current known benefit of \$10.3 billion benefit to GDP evidenced in children receiving a quality education and care program.³¹ ECEC can be a disruptor to affect intergenerational poverty, through increased hours of ECEC participation at an earlier age there is significant benefit long term into a child's lifelong learning.

The current funding model takes a general approach for the whole population. The effect is that it magnifies the disadvantage from one to another, fails to consider different circumstances and contextual challenges (like remote vs metro communities). In highlighting these current issues based on the existing funding model, it raises the need for a more responsive approach, with community led solutions and appropriate funding that is unique and represents individual needs.

³⁰ 2 PwC (2014) *Putting a value on early childhood education and care in Australia*, PwC

³¹ *ibid*



We know that some communities - as supported by Socio Economic Indicators For Areas (SEIFA) data and Australian Early Development Census (AEDC) data - are at greater risk of financial and developmental disadvantage.

ACA believes equity should reflect developmental, financial, and social vulnerabilities experienced by a child and family. A truly equitable system will remove barriers for all types of vulnerability which means developing differential funding models to adequately support vulnerability in practice so that all children from all backgrounds, circumstances and abilities are supported to succeed.

ACA calls for the establishment of a new national needs-based funding program for children for all ECEC services that responds to a local community's needs and provides resources for additional support on a needs basis, informed AEDC.

Needs based funding has been successfully implemented across New Zealand since 2002, with 'Equity Funding' is paid directly to the service. All early learning services are eligible if licensed and serving children from birth to five years. Equity Funding is a targeted funding for lower socio economic communities, children with additional needs, children from non-English speaking backgrounds, isolation/ remoteness, and for cultural programs. Equity Funding is a monthly fixed grant based on levels of vulnerability in their community the service is located and must be spent on the set equity objectives.

The New Zealand government has made a strong commitment to reduce the disparities between the different cohorts in the community, reduce barriers for underrepresented families to participate in ECEC, and support services to raise children's educational outcomes through the Equity Funding.

A move towards stronger investment for children experiencing higher levels of vulnerability in their early years, will relieve future demands on intervention services later in that child's life. This requires a balance of social and economic policy considerations with the child's starting point, experience of vulnerability and individual needs. This approach embeds equity and requires a comprehensive and coordinated commitment from all levels of government for a long-term vision for the ECEC system, rather than relying upon late intervention.³²

The Productivity Commission Inquiry into ECEC draft report acknowledged that 'a one-size-fits-all approach to ECEC funding would not be an efficient or effective model to support the objectives of access, affordability, inclusion and flexibility.'³³

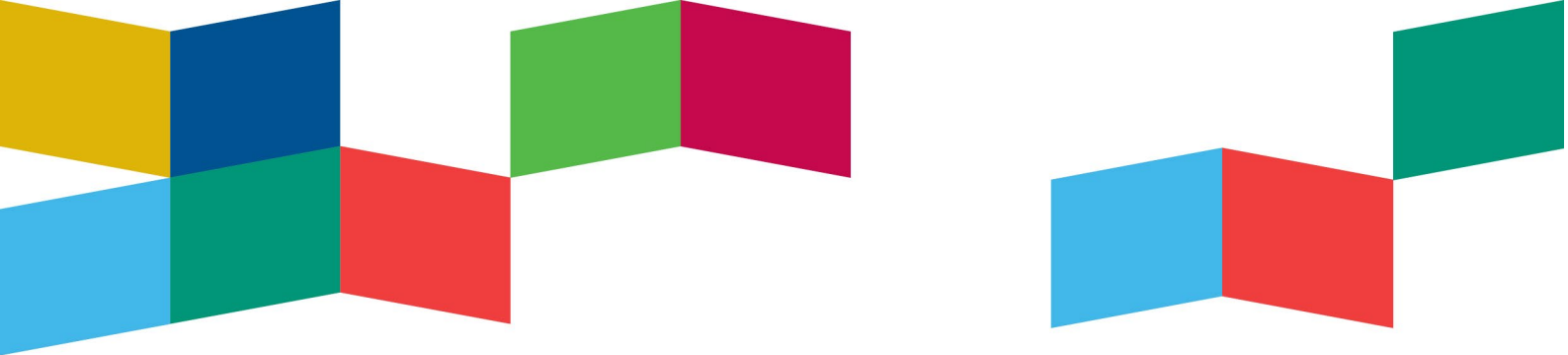
SOLUTION

We call on the Australian Government to:

- Establish a new national needs-based funding program for children for all ECEC services that responds to the individual, local community's needs and provides resources for additional support on a needs basis, informed by Australian Early Development Census (AEDC).

³² 6 Teager, W., Fox, S., and Stafford, N. (2019) *How Australia can invest early and return more: A new look at the \$15b cost and opportunity*. Early Intervention Foundation, The Front Project, and CoLab at the Telethon Kids Institute

³³ 84, Draft findings 9.1, Productivity Commission (2023) *A path to universal early childhood education and care*, Productivity Commission



FUND A NEW CATEGORY ACCS (CHILD WELLBEING) TO ADDRESS LOCAL EMERGENCY/ NATURAL DISASTER RESPONSE DELAYS

THE ISSUE

Across Australia, we are seeing an unprecedented increase in natural disasters and emergencies that affect families, children, and communities for years to come. As concluded in the 2020 report of the [Royal Commission into National Natural Disaster Arrangements \(RCNDA\)](#): ‘Natural disasters have changed, and ... the nation’s disaster management arrangements must also change’³⁴.

Localised community services such as ECEC services play an important role as first responders, helping to support and mitigate the long-term impacts of the emergency experienced by families and children.

The impact of these natural disasters is felt as both financial and social costs to individuals, the community, and the government with an estimated culminative financial cost of \$1.2 trillion over the next 40 years.³⁵

Furthermore, Deloitte Access Economics estimates that the social costs of natural disasters are approximately 1.4 times greater than the direct financial costs.³⁶ Post disaster, these are reflected in increased rates of family violence, alcohol related incidents, exacerbated chronic health and illness, and increased mental health issues.

When families are directly impacted by local emergencies such as bushfires, floods or other natural disasters, they must wait for the Australian Government to declare a “period of emergency” for their local area, before they can access emergency funding support. This process can take weeks and creates a long delay before families can access and receive the support they need.

The ACCS funding is critical for the support of families recovering from natural disasters, but families and service providers need a streamlined system which offers a simple, efficient process to allow for immediate access to the subsidy.

ACA recommends closing this gap by creating a new category within the ACCS (Child Wellbeing) subsidy which offers targeted funding that responds **immediately** to families affected by natural disasters, by allowing the service provider to apply for it on the family’s behalf as soon as the emergency is experienced.

The application of this subsidy could be service- driven, therefore removing the administrative burden and stress on families during a difficult time, when they may not have the mental and emotional capacity to apply for subsidy through Services Australia or resources (technology, supporting paperwork, etc. because lost in the disaster).

³⁴ 22, Tessa Satherley and Dr Daniel May, (2022) *Natural Disasters & Climate Risk*, Parliament of Australia, Parliamentary Library Briefing, Australian Government

https://www.aph.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Library/pubs/BriefingBook47p/NaturalDisastersClimateRisk
³⁵ 16, Deloitte Access Economics (2021) *Special report: Update to the economic costs of natural disasters in Australia* Australian Business Roundtable for Disaster Resilience & Safer Communities, Deloitte Access Economics

³⁶ 20, Deloitte Access Economics (2022) *The social, financial, and economic costs of the 2022 South East Queensland Rainfall and Flooding Event*, Queensland Reconstruction Authority, Deloitte Access Economics

This additional funding stream would need an acquittal system that maintains transparency and accountability of the funding across the time period declared as a natural disaster for the local area.

SOLUTION

We call on the Australian Government to:

- Establish a new category of ACCS that can be applied by the service in times of a declared local emergency.





Refining Inclusion Support program for the most vulnerable children

THE ISSUE

The Early Childhood Education & Care (ECEC) framework has the underpinning objective that **all children** have access to high-quality early childhood education that meets their **individual** needs. To deliver these outcomes for all children, ECEC service providers and their educators rely on receiving adequately funded financial support.

The current Inclusion Support Program (ISP) was implemented in 2016 to build on the previous program in place and build on the sector's capacity to provide tailored care for the benefit of all children.

Five years after its initial implementation, the current ISP needs urgent improvements to ensure that it meets the needs of children and the sector more broadly. ACA acknowledges the current ISP review is being undertaken, however, the outcomes of this review are anticipated to be rolled out in 2025. ACA is calling for **urgent action now**.

Limited number of hours

The ISP has current limits of 5 hours a day/25 hours a week for funding an additional educator to support the child with specific needs. Consequently, the child will only receive that tailored support for a **certain portion of the day**. Beyond those hours, the child is expected to fit in with the usual educator to child ratio settings, which generally is not sufficient support to meet their specific needs.

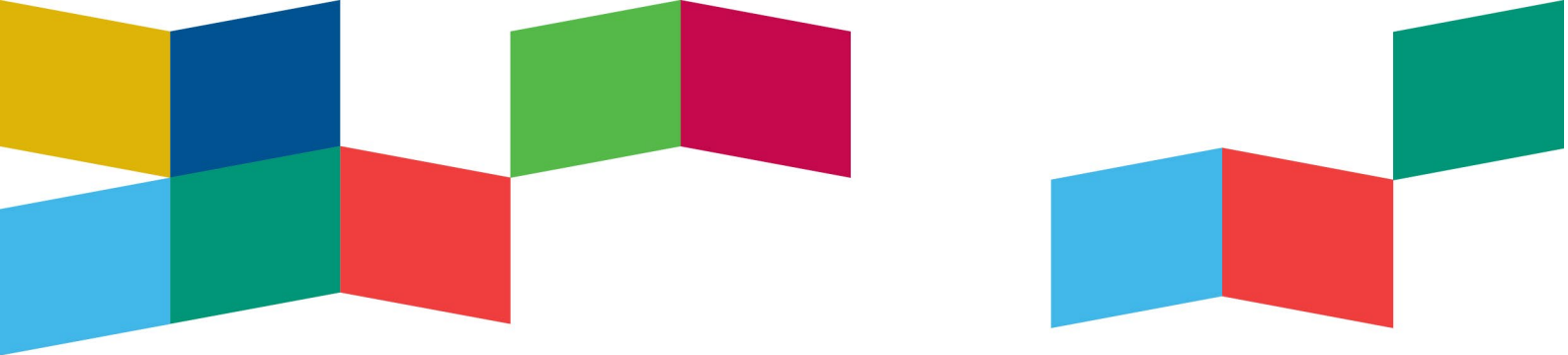
This has resulted in significant limitations on the early learning service's capacity to adequately care for the child across all hours and therefore limits the parent(s)'s access to ECEC services, consequently limiting their capacity to participate in the workforce.

The total pool of ISP funding is not responsive to the ever-increasing participation rates in ECEC, nor the children's increasing mental and emotional health needs post-COVID. Research has found that among children aged birth to five, 21 – 47 per cent experienced 'high' levels of mental health difficulties during lockdowns in Melbourne compared to previous years.³⁷ These behaviours included higher levels of separation anxiety when parents dropped their child at centres. These increased additional needs are witnessed and responded to by the ECEC services and educators, they need additional funding and resources to adequately support these increasing needs of children.

Funding not reflective of true costs

The current ISP funding for additional educator to support a child with additional needs, is not reflective of the actual costs of an additional educator and the service absorbs these costs. Consequently, when an

³⁷ Centre for Community Child Health (2022) *The impact of the COVID-19 pandemic on children in Australian early childhood education and care*, The Centre for Community Child Health, Murdoch Children's Research Institute



additional educator for a child with additional needs is not adequately funded, this cost is passed onto all families accessing the service. This then drives up fees which impacts on family’s ability to afford ECEC.

Case study of Current ISP Funding vs Actual Costs of Additional Support Educator

Time period	Current ISP funding	Actual cost of additional educator	Out of Pocket Cost to the service
Per hour	\$23	\$40	\$17
One week (25 hrs)	\$575	\$1,000	\$425
One year (50 weeks)	\$28, 750	\$50, 000	\$21, 250

This increased cost is unfortunately passed onto families in their daily fee. Using the above case study, 100 place service would need to charge (assuming it’s full) \$0.85 a day to make up a shortfall of \$21, 250 cost per year and a 50 place service (assuming it’s full) would need to charge an extra \$1.75 a day to make up a shortfall of \$21, 250 cost per year.

Many services, particularly those in disadvantaged communities, have multiple children who qualify for additional educator inclusion support, and are therefore greatly impacted by the shortfalls of the ISP funding.

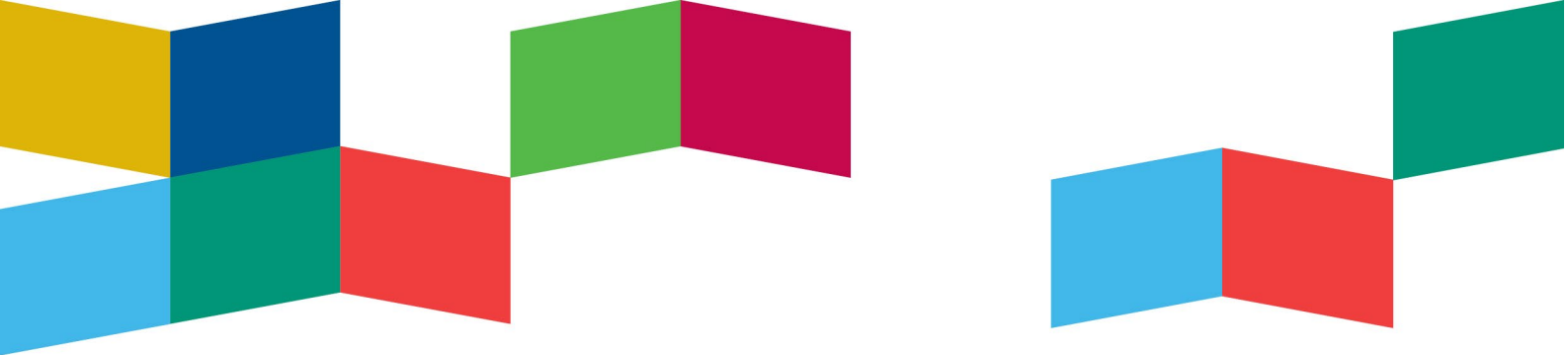
As part of the 2023 Productivity Commission Inquiry, the ISP was reviewed in depth and received feedback from the ECEC sector, which the Commission found that:

The Inclusion Support Program, funded by the Australian Government, could better support children with additional needs. Changes to additional educator subsidies, eligibility, and application processes would improve the supports available to children and services.³⁸

The Commission endorsed greater commitment from all levels of government, through the following draft recommendations:

- 2.4: Review and amend additional educator subsidies
- 2.2: Amend the Disability Standards for Education
- 2.3: Amend eligibility requirements for inclusion funding

³⁸ 129, Productivity Commission (2023) *A path to universal early childhood education and care*, Productivity Commission

- 
- 2.5: Reduce administrative burden of Inclusion Support Program applications
 - 2.6: Improve coordination of inclusion funding between governments

In conclusion, it is clear that **the shortfall for ISP funding**, even if the difficult threshold for obtaining funding for the child with additional child has been reached, **impacts affordability for every other family** for attending that service.

For services to be inclusive to families who have children with additional needs, the service has to consider their existing capacity and resourcing (with appropriately qualified staff, and to attract additional educators to support), but also the service's viability and sustainability with the inadequate ISP funding.

SOLUTIONS

We call on the Australian Government to support our **most vulnerable families** by:

- Immediately increasing the maximum number of hours for additional educator support from 5 to 8 hours per day.
- Immediately increasing the funding rate for additional educators to ensure it always aligns with/pays a Certificate III Level 3.2 casual rate plus superannuation (currently 32.73per hour plus 11% super).



Conclusion

The health and developmental benefits of early learning to Australia's young children are now needed more than ever. We need to ensure that that **every child in Australia** has the **best start in life**, regardless of their parents' circumstances or where they live.

The sector also plays a critical role in supporting the recovery and growth of our economy while allowing all working parents – essential and healthcare workers amongst them – to continue in the workforce. It is therefore vital that policy makers focus on settings that support the viability of the early learning sector and guarantee this long-term benefit to our economy.

With the right policy and financial frameworks in place, Australia could be a world leader in the delivery of high quality ECEC within 10 years.

ACA will continue to work directly with the Australian Government on policies that support accessibility and affordability for families, while at the same time providing the critical support needed to build a strong supply of highly skilled early childhood educators and teachers.

ATTACHMENT

- [Appendix A – Equity Measure Joint Proposal](#)



Email: president@australianchildcarealliance.org.au

Website: www.childcarealliance.org.au

Phone: 0411 587 170

Facebook: www.facebook.com/childcarealliance

