



Pre-Budget Submission

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

January 2022





#BestStartInLife



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Executive Summary

Below is a summary of ACA's proposed solutions to 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**.

SUPPORTING ACCESS FOR ALL CHILDREN & FAMILIES IN A "COVID-NORMAL" WORLD

Improving outcomes with the Child Care Subsidy

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

- Extending exemption of the **Child Care Subsidy activity test** for children in their year before school to children in their **two years before school**. This will further enhance early learning opportunities for more Australian children and build on the benefits of access to high-quality kindergarten-preschool programs.
- Removing the CCS activity test to support all Australian children, to allow **all families access to at least 18 hours a week** of subsidised high quality, affordable early learning services.
- Ensuring that the up to 30% CCS increase for the second (or more) child attending an early learning service still applies when **the first child** has progressed to an Outside School Hours Care (OSHC) setting.
- Undertake a review of the CCS hourly cap rate to ensure it delivers its intended aim of maintaining affordability for families.
- Introducing a **new category** within ACCS (Child Wellbeing) which would allow an immediate, efficient response to local emergencies such as bushfires, floods or other relevant circumstances in a targeted way.
- Promote the **ACCS Transition to Work** option widely among eligible families.

Living with COVID – supporting families & services

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

- Extending the COVID-19 support measures for another 12 months beyond 30 June 2022¹:

These include:

- allowance of waiving gap fees
- increase additional Allowable Absences by 20 days (totalling 62 days) for the 2022-2023 financial year.

¹ COVID-19 information for the early childhood education and care sector - <https://www.dese.gov.au/covid-19/childcare#toc-support-available>

- enrolments support – payment for CCS absences for enrolments starting or ending in lockdown.

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

- Introducing a COVID Disruption Payment which allows services to apply for a top up payment guaranteeing 85% revenue across the impacted CCS fortnight.

Ensuring a ready supply of free rapid antigen tests for educators and staff to meet the needs of the sector, should health protocols require it.

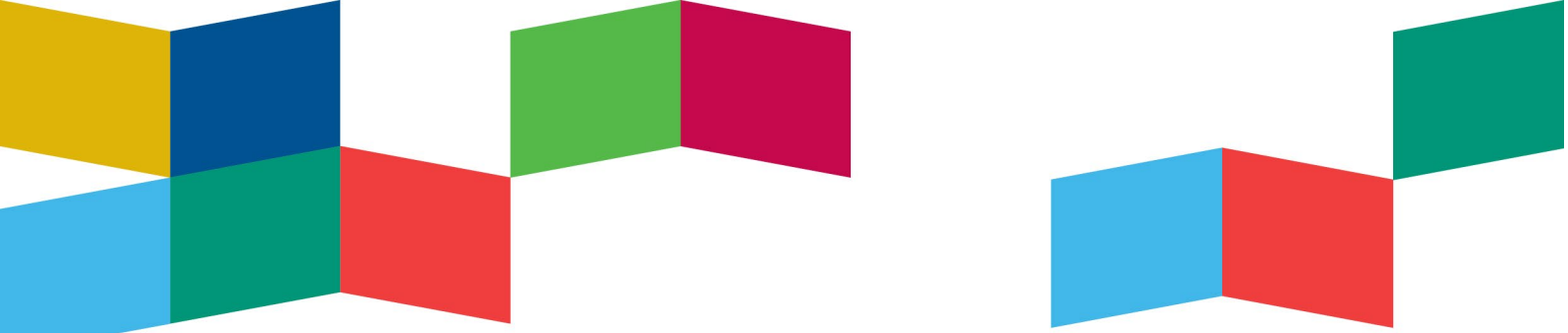
Re-imagining our Inclusion Support for the most vulnerable children

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

- Conducting a thorough root and branch review of the Inclusion Support Program (ISP). This should be led by the Australian Government in close consultation with the sector and families. This review must begin before the federal election.

This review must include the following objectives:

- Ensure that the ISP is **demand driven** to ensure that the benefits of the program are delivered to as many children as eligible.
- Allocate funding for additional educator requirements for children who qualify for Inclusion Support to ensure that the needs of all children are met.
- Increase the maximum number of hours for additional educator support to match the child's hours of attendance.
- Increase the funding rate for additional educators to ensure it adequately covers the hourly rate and on costs for providers and matches the hours attended by children.
- Reduce the need for annual Strategic Inclusion Plans for the service
- Review the administrative processes in place to apply for Inclusion Support funding to ensure they are not overly burdensome.
- Allocate funding for additional educators according to AEDC vulnerability measures.
- Separate the application of funding from implementing inclusion principles in order to:
 - streamline the application process for additional educator funding to remove the excessive administrative burden for both the service provider and inclusion agencies; and
 - allow inclusion agencies to engage with services to promote more inclusive practices, outside of the process of separate funding applications.
- Increase funding of Inclusion agencies to ensure that they are adequately funded to build capacity of the sector's inclusive practices and to meet the needs of the ever-increasing participation rate of children in ECEC in Australia

- 
- Develop a new Inclusion Portal whose technology architecture is fit for purpose and reduces administrative burden

Consider place-based solutions for communities with high support needs or experiencing vulnerability or disadvantage as determined by the Australian Early Development Census (AEDC).

INVESTING IN AUSTRALIA'S ECEC WORKFORCE: ADDRESSING CRITICAL SHORTAGE OF QUALIFIED JOB CANDIDATES

Employer-focused

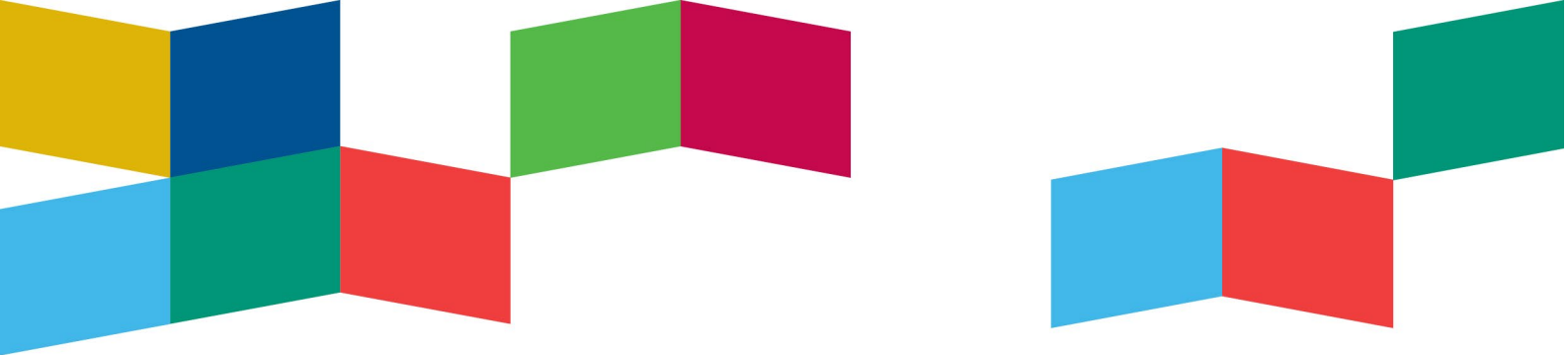
We call on the Australian Government to:

- Continue funding the Boosting Apprenticeship Commencements (BAC) scheme beyond the next financial year to 2022/2023.

Employee-focused

We call on the Australian Government to:

- Maintain the Pandemic Leave Disaster Payments to ensure there is security of funds available for ECEC workforce as likely to be regularly exposed to COVID-19.
- Maximise workplace benefits in the early learning sector.
This includes:
 - allowing for a fringe benefits tax exemption for service providers in the context of providing fringe benefits to employees such as salary sacrifice in relation to childcare, cars, electronic devices, etc. This initiative could help attract jobseekers to the sector by lowering their income tax threshold and therefore boosting their income.
- Provide a funding program that allows all educators to take time away from their duties to undertake the **Be You** training modules to assist them to identify children at risk of mental illness and support the wellbeing of the children (and their families) in their care (including funding to backfill the staff while training).
- Provide the funding and resources to run an immediate **national education campaign** to promote the career path of working in the sector beyond the entry role and encourage unemployed Australians to consider working in the early learning sector through an entry-level Traineeship or to enrol in an Early Childhood Teaching Degree. Such a campaign would require a national call to action which puts jobseekers directly in touch with the application process. It should also outline the workplace benefits incentives recommended above, including the discounted access to early learning(childcare) for their own children



Qualifications, training & study measures

We call on the Australian Government to:

- Ensure funding for vocational ECEC courses appropriately meets the requirements of the mandated course load, which is substantially higher than most other certificate and diploma courses.
- Incentivise applicants for the Bachelor of Education (Birth to Five Years) by further reducing the cost to students.
- Immediately provide the funding and resources to create a nationally available fast-track degree program to rapidly upskill early childhood educators to the degree qualification level of early childhood teacher in a period of **18 months**, instead of the usual three years.
- Incentivise educators to be trained and retained in regional and remote Australia through a conditional waiver of HECS-HELP fees. This can be tested through a two-year pilot project across key areas of need.

With over **360,000 families** in our care, ACA believes **all of Australia's children** have the right to the **best start in life**.

BALANCING SUPPLY WITH DEMAND:

ALIGNING EARLY LEARNING SERVICE LOCATIONS TO SUPPORT DEMONSTRABLE NEED

We call on the Australian Government to:

- Allocate funding to allow for the development of aggregated occupancy reports published quarterly via clusters of postcodes or state electorates across Australia. Such reports would be invaluable to advise the market as to where oversupply and undersupply exist and therefore allow for careful town planning.



Foreword

The Australian Early Childhood Education and Care (ECEC) sector has been the bedrock of the Australian economy through even the harshest lockdown.

As the national peak body, the Australian Childcare Alliance (ACA) represents more than **2,500 early learning services**, who have worked around the clock to keep their doors open to safely educate and care for more than **360,000 families** throughout the worst of this terrible global health crisis and beyond.

Over the past two years we have stood shoulder-to-shoulder with the Australian Government in developing urgent economic solutions that have effectively saved the sector from imminent collapse.

We are deeply heartened that our most immediate priority of protecting our children and educators and keeping our parents on the emergency and health frontline was successfully addressed by the Australian Government.

Targeted measures such as the ECEC Relief Package and the Transition Payments, along with permission to waive gap fees and additional Allowable Absences have successfully ensured that our sector remains viable and affordable, and that our members can continue to provide a safe haven for Australia's many children and families who rely on our ECEC services.

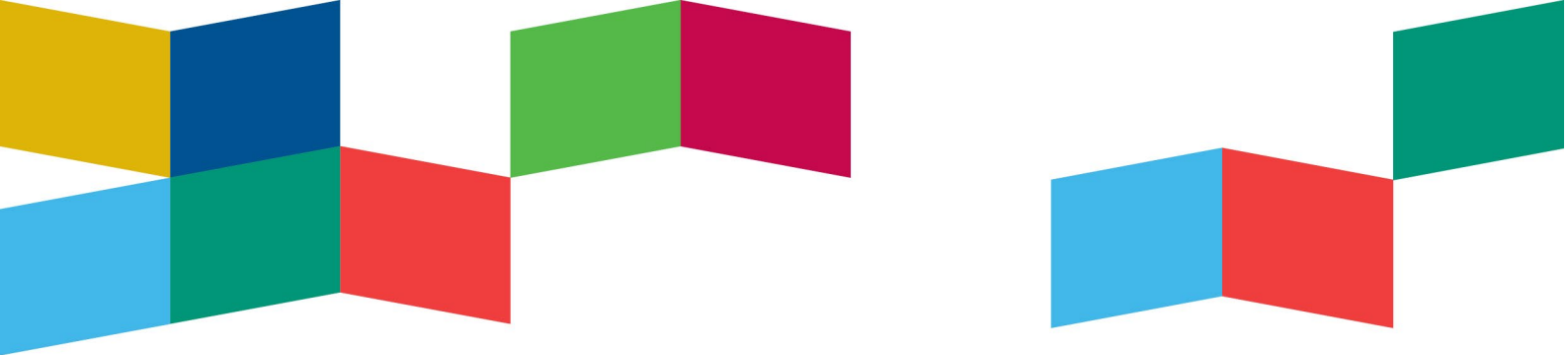
On behalf of our families and our educators, we commend the leadership of the Coalition Government for their **tremendous collective commitment to work with us** closely to identify and address any unintended consequences of the funding models.

The Australian Government has recognised this with its recent budget commitments to better support families with multiple children in ECEC services. This is absolutely the right step but now we need to ensure **all families** – including those with only one child in early learning – to have equitable and affordable access.

We also need to ensure no child is forced out of their ECEC service, simply because there is a critical shortage of educators to care for them. This submission addresses both of these vitally important issues and further, we recommend one simple and effective step that the Australian Government can take now to ensure **no disadvantaged child falls through the cracks**.

If one needs any further evidence of just how critical a strong and sustainable ECEC service is to the economic health of this nation, one only needs to read the Treasurer's recent *2021 Intergenerational report: Australia over the next 40 years*.²

² 2021 Intergenerational Report: Australia over the next 40 years, Department of Treasury - https://treasury.gov.au/sites/default/files/2021-06/p2021_182464.pdf



It identifies long term fiscal ramifications from its predicted lower immigration rates, lower fertility rates and women delaying having children, and having fewer of them. Importantly, the report underscores how intrinsically linked government support for child care is to the rapid increase in workforce participation by mothers.

The report supports our long-held belief: the health and developmental advantages of early learning to all of Australia's young children are now needed **more than ever**, and the long-term benefit back to our economy is exactly what our policy makers need to focus on.

ACA is extremely proud of our work in protecting and nurturing our young children, enabling their parents to stay in the workforce and supporting the early learning sector through the COVID-19 pandemic.

We will continue to work with the Australian Government to support the economic recovery of Australia and ensure that **all Australian families**, including those who are essential workers and/or from disadvantaged and vulnerable backgrounds, can continue to access our world class ECEC services.

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





Supporting access for ALL children & families in a “COVID-Normal” world

An overview

The economic impact of COVID-19 has revealed the pivotal role the early learning sector plays in enabling Australia's workforce participation, particularly for mothers.

Early learning (child care) is an essential service. Without it, parents critical to the Australian economy must stay home to care for otherwise healthy children. Healthcare and emergency workers could not stay on the frontline where we need them to be. Without our services, too many disadvantaged children are more vulnerable to abuse and neglect within their own homes.

Affordability of early education (child care) is now recognised as one of the **key factors** in allowing parents to return to work and help rebuild the Australian economy.

At the same time, the **positive long-term benefits** for those children attending high-quality Early Childhood Education and Care (ECEC) are now well recognised locally and internationally.³

Three-Year-Old Preschool: A Better Start In Life

Children benefit **enormously** from high-quality kindergarten/preschool programs which focus on play-based, experiential learning⁴, with a **second year of preschool/kindergarten** giving our children an even **better** start in life⁵.

In the two years before school, more than 60% of Australian children accessing early learning programs do so in a long day care centre.

We believe that **all children** should have access to quality kindergarten/ preschool programs, and parents **must have a choice** of early learning service type that **best suits their work/ life needs**.

Our children deserve more.

³ Academic Research: The benefits of early learning and a play-based environment - <http://beststartinlife.org.au/wp-content/uploads/2019/02/References-Best-Start-In-Life-Academic-research.pdf>

⁴ Collection of academic research supporting the benefits of early learning – www.BestStartInLife.org.au/Resources

⁵ Preschool: Two Years Are Better Than One, Mitchell Institute, <http://www.mitchellinstitute.org.au/reports/two-years-preschool/>



Endorsing Long Day Care Settings

- Long day care offers the ideal learning environment for 0–5-year-old children. It delivers age-appropriate, tailored and culturally appropriate, physical early learning environments where children can also be bathed, have nappies changed and sleep.
- The infrastructure already exists and can help keep costs low for taxpayers. With 93% of long day care centres reporting vacancies, they have the capacity to meet the needs of families with minimal further investment by government.
- Long day care is highly regulated; it is delivered under the National Quality Framework and the Early Learning Years Framework.
- Long day care offers trained educators, both from the nurturing and education aspect. The staff are well trained and qualified, with centres having at least one Early Childhood Teacher or more.

Long day care must be recognised as the **key provider** of three-year-old preschool/kindergarten programs across Australia to help families, with children aged three and under.

ACA strongly believes that co-locating early childhood education programs at schools **puts the needs of the children aged 0–5 years last** in these environments. Indeed, there is evidence that young children may be at risk if they are sharing the same school space as teenagers.

The Social & Economic Benefits of Investing in the ECEC Sector Are Clear

- Greater workforce participation and increased productivity from both parents of young children, particularly working mothers.
- Annual benefit to GDP from increasing the CCS would exceed the additional expenditure⁶ (net of additional income tax receipts) by almost 40 percent.
- Highly effective spend of taxpayers' dollars⁷, with long term capital savings through a lower spend on human services by Government in the future⁸:
- Every dollar invested on high-quality, birth-to-five programs for disadvantaged children delivers a 13% per annum return on investment. These economically significant returns account for the welfare costs of taxation to finance the program and survive a battery of sensitivity analyses⁹.
- A stronger, more viable early learning sector.

⁶ KPMG Report - The Child Care Subsidy: Options for increasing support for caregivers who want work -

<https://assets.kpmg/content/dam/kpmg/au/pdf/2020/kpmg-child-care-subsidy-report.pdf>

⁷ Economic Analysis - Investing in early childhood education doubles the return to Australia, The Front Project -

<https://www.thefrontproject.org.au/economic-analysis>

⁸ A Smart Investment for a Smarter Australia: Economic analysis of universal early childhood education in the year before school in Australia, The Front Project June 2019 - https://www.thefrontproject.org.au/images/downloads/ECO_ANALYSIS_Full_Report.pdf

⁹ The Heckman Equation - <https://heckmanequation.org/resource/research-summary-lifecycle-benefits-influential-early-childhood-program/>



Improving outcomes with the Child Care Subsidy

The Issue

ACA greatly applauds the Australian Government's policy reforms over the past two years, which have allowed our sector to remain viable and affordable throughout the COVID-19 pandemic. These support measures have enabled early learning service providers to continue providing a safe haven for Australia's many children and families who rely on our ECEC services.

The recent removal of the annual Child Care Subsidy (CCS) cap for many families and the increased support for multiple-child families will allow for greater work options for parents through their ability to access more affordable early learning (child care) services.

Additionally, the Australian Government's long-term commitment to preschool funding beyond year-to-year agreements, to support preschool (kindergarten) programs delivered in all settings including long day care is a **positive outcome** that will allow Australia's youngest children to reap the rewards of attending quality preschool programs for years to come.

The barriers to ensure equity of access

We know some barriers to affordability still remain, which ACA advocates must be addressed by the Commonwealth. These include:

■ Activity Test:

- The Activity Test excludes 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.

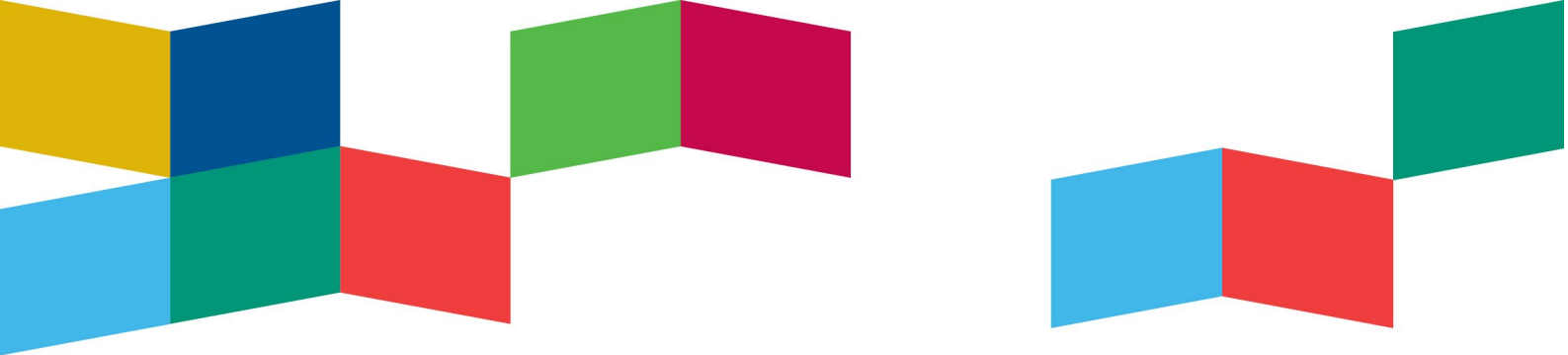
■ Out of pocket child care costs:

- These additional costs create a financial disincentive for parents across all family income levels to increase their work hours or return to work¹⁰, with women's workforce participation suffering the most.
- CCS hourly rate has not been reviewed as planned, due to the unforeseen circumstances of the COVID-19 pandemic. The current rate introduced in 2018 has not been increased beyond minor CPI increases and we believe is no longer adequate at maintaining affordability.

■ ACCS Transition to Work initiative:

- This is not widely known about among those families who need it. This is a lost opportunity for these families who may withdraw their child in the absence of realising there is this support resource.

¹⁰ KPMG Report - The Child Care Subsidy: Options for increasing support for caregivers who want work - <https://assets.kpmg/content/dam/kpmg/au/pdf/2020/kpmg-child-care-subsidy-report.pdf>



SOLUTIONS

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

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- Removing the CCS activity test to support all Australian children, to allow **all families access to at least 18 hours a week** of subsidised high quality, affordable early learning services.
- Ensuring that the up to 30% CCS increase for the second (or more) child attending an early learning service still applies when **the first child** has progressed to an Outside School Hours Care (OSHC) setting.
- Undertake a review of the CCS hourly cap rate to ensure it delivers its intended aim of maintaining affordability for families.
- Introducing a **new category** within ACCS (Child Wellbeing) which would allow an immediate, efficient response to local emergencies such as bushfires, floods or other relevant circumstances in a targeted way.
- Promote the **ACCS Transition to Work** option widely among eligible families.

Living with COVID – supporting families & services

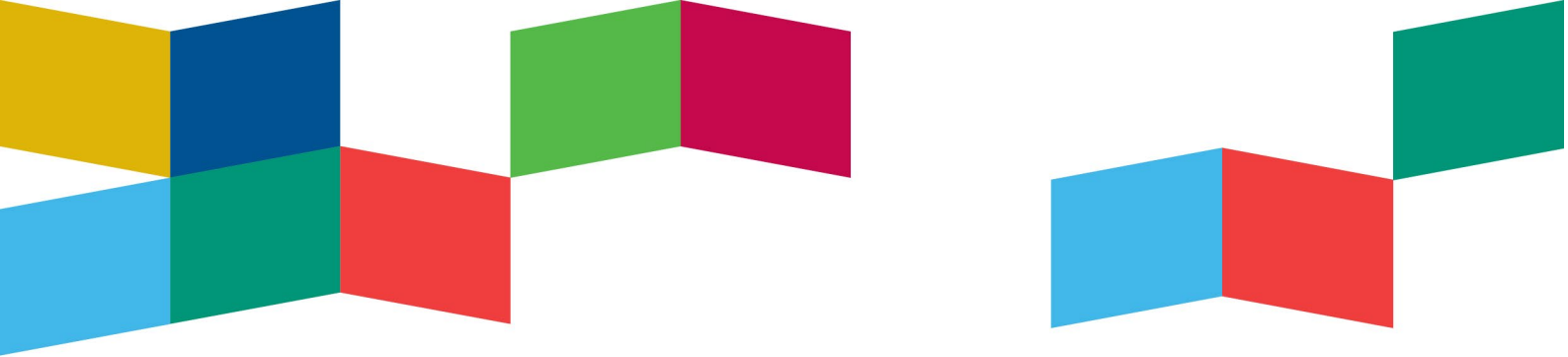
ACA is extremely cognisant of the fact that COVID-19 will be present in the general community for some time, and we can't rule out the occasional lockdown, temporary closure or isolation requirements.

Whilst the recent reforms significantly improve outcomes for those targeted families, we believe there remain opportunities to further enhance the overall affordability of early learning (child care) services for families.

COVID-19 measures such as community lockdowns, isolation requirements and temporary closures of our ECEC services will continue to negatively impact our families financially if government counter measures are not in place. It could be particularly unfair to disadvantaged children who are often safer in our services than in their own homes.

The existing suite of supportive measures are due to expire at the end of this 2021/2022 financial year. Without them, our service will not be able to wave gap fees or access additional Allowable Absences and enrolments support. In turn, our families will bear the brunt of paying for unattended days under these conditions.

This will undermine the government's agenda of improving women's economic security by enabling more women to return to the workforce, protecting vulnerable children and ensuring our economy can continue to recover.



The latest emergence of the Omicron variant has resulted in a range of absences due to:

- service closures (full or partial)
- isolation requirements due a positive case or being a household contact
- or personal concerns from families.

This places significant pressure on service providers who choose to support families by waiving gap fees. Whilst it seems unlikely that full scale lockdowns will be a feature of the COVID-19 health response moving forward, it is expected that services will continue to experience volatile attendance whilst COVID-19 is present.

COVID-19 Disruption Payments

The recent protocols of the use of rapid antigen tests as part of the surveillance scheme in managing the Omicron wave has strengthened the confidence of families in the safety of early learning settings, allowing them to continue their workforce participation whilst their children remain in attendance at their early learning service.

Whilst we have every hope that the Omicron wave will subside, our aim is to have the right measures in place to allow for an immediate response to any future outbreaks. ACA therefore recommends policy settings that provide certainty for families and the early learning sector.

ACA urges the government to consider a 'COVID Disruption Payment' as a means to support services significantly impacted by future COVID-19 events. Whilst the current suite of COVID-19 support measures work well in addressing minor ongoing COVID impacts, there is a need for further support when a major outbreak occurs.

As services apply gap fee waivers, the decrease in revenue can impact service viability. It is often the cumulative impact of these gap fee waivers over weeks and months that can severely impact service viability. In the eastern states, this is on the back of two years of volatility.

Furthermore, the cost of delivering our services has significantly increased as a result of COVID. These cost increases include additional cleaning requirements, unprecedented price hikes of general supplies as well as new requirements such as the supply of sanitiser and masks.

On top of these external costs, the implementation of safer COVID practices such as outdoor drop offs and pick ups along with the additional administration requirements surrounding the ever-changing COVID protocols have increased the required staffing numbers per day. All of these additional costs are borne by the service provider which, if not addressed, ultimately get passed on to families via fees.

In order for service operators to have revenue certainty in an era of extreme attendance volatility, ACA believes a COVID Disruption Payment could be implemented to guarantee 85% of a service's revenue across any given CCS fortnight. A service could apply retrospectively for this top up payment immediately after any COVID-impacted fortnight. The provision of a guaranteed revenue percentage will provide certainty for the sector, security of employment for our educators and the assurance of ongoing, viable early learning services for our families.



SOLUTIONS

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

- Extending the COVID-19 support measures for another 12 months beyond 30 June 2022¹¹:

These include:

- allowance of waiving gap fees
- increase additional Allowable Absences by 20 days (totalling 62 days) for the 2022-2023 financial year.
- enrolments support – payment for CCS absences for enrolments starting or ending in lockdown.

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

- Introducing a COVID Disruption Payment which allows services to apply for a top up payment guaranteeing 85% revenue across the impacted CCS fortnight.
- Ensuring a ready supply of free rapid antigen tests for educators and staff to meet the needs of the sector, should health protocols require it.

Re-imagining our Inclusion Support for the most vulnerable children

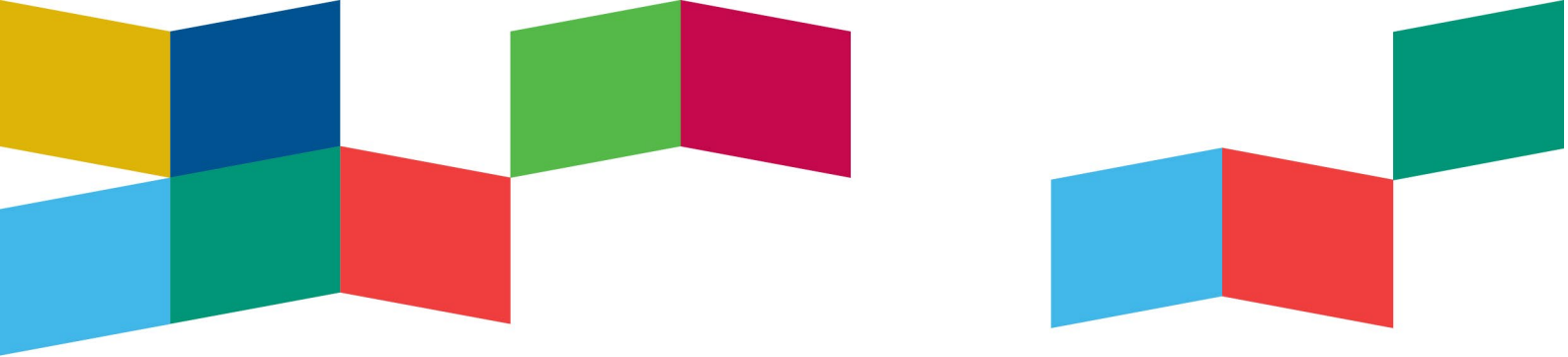
The Early Childhood Education & Care (ECEC) framework in Australia is underpinned by the objective that all children have access to high quality early childhood education that meets their **particular needs**. ECEC service providers, teachers and educators rely on adequate support to ensure that each child receives equitable access to the support they need in each setting.

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 the best of tailored care for the benefit of all children.

Five years after its initial implementation, we believe the current ISP needs **urgent improvements** to ensure that it meets the needs of children and the sector more broadly. Importantly, ACA believes that the ISP should be **demand driven** rather than a capped allocation.

ACA congratulates the Australian Government's Mid Year Economic Fiscal Outlook (MYEFO) 2022 commitment to increase the funding allocation for Inclusion Support by \$73.9 million to allow

¹¹ COVID-19 information for the early childhood education and care sector - <https://www.dese.gov.au/covid-19/childcare#toc-support-available>



funding until the end of June 2022. However as outlined below, we believe additional funding is required, along with a review of the program to keep up with the demand for this initiative.

We need a review of the ISP to ensure that it is delivering on its promise and meeting the needs of our community. Such a review would provide an exciting opportunity to re-imagine the support available for both individual children in specific settings but also to provide streamlined, place-based solutions that improve outcomes for our most vulnerable communities as defined by the Australian Early Development Census (AEDC).

In particular, the current limits of 5 hours a day/25 hours a week, during which an additional educator is funded to support the child, means that 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 adult to child ratio settings, which generally isn't sufficient support to meet their specific needs.

This has resulted in significant limitations on the child's capacity to participate at their early learning service, as well as undermining their parents' confidence that their child will be adequately supported whilst in the care of their service. This also limits the parent's capacity to participate in the workforce, as parents have serious concerns about whether their child's needs can be met outside of the additionally funded hours.

ACA therefore recommends increasing the maximum number of hours for additional educator support to match the child's actual hours of attendance.

Meanwhile our vast experience with the ISP has drawn out a unified observation that it is mired in an unnecessary burden of excessive administration. This plays out in a number of ways including the need for an annual Strategic Inclusion Plan (SIP) which could be more efficiently part of a services Quality Improvement Plan (QIP) as part of the National Quality Standards (NQS).

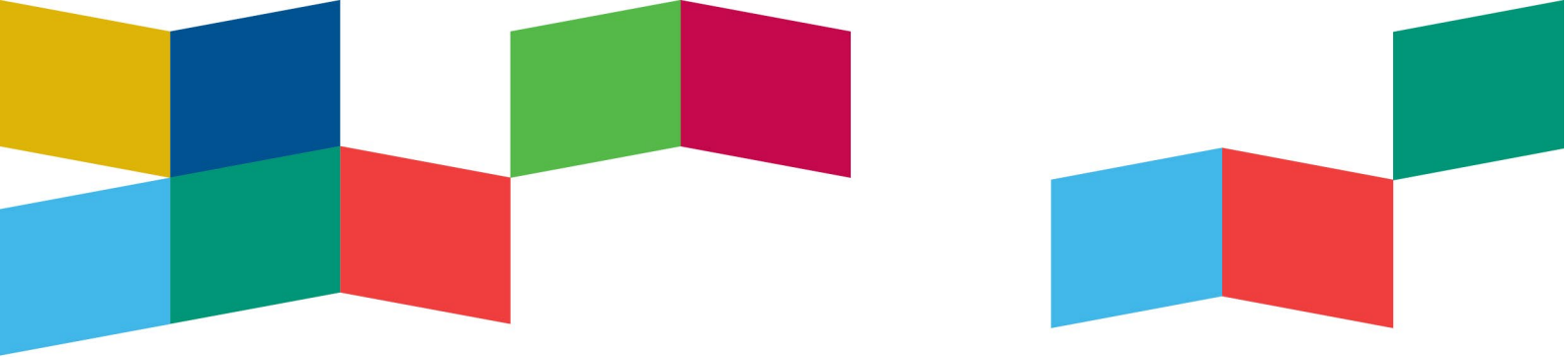
Furthermore, we recommend that funding applications are separated from the implementation of the inclusion principles that are currently required. This would not only reduce the administration for ECEC services but free up Inclusion Agency resources to work more directly with teachers and educators to improve inclusive practice.

The Inclusion Portal has long been a difficult piece of technology to navigate and requires a significant overhaul to reduce the administrative burden for services and support any changes to the ISP.

Additionally, it is clear that program funding has not kept up with the demand. Specifically the hourly funding rate has not increased since 2016. The current figure does not adequately cover the hourly rate of the additional educator as well as any oncosts.

Moreover, the total pool of funding available has not kept up with the ever-increasing participation rates in ECEC across the country and the impacts of COVID-19 on children from disadvantaged and vulnerable backgrounds in Australia.

ACA congratulates the Australian Government's Mid Year Economic Fiscal Outlook (MYEFO) 2022 commitment to increase the funding allocation for Inclusion Support by \$73.9 million to allow funding until the end of June 2022.



The need for additional funding also extends to the Inclusion Agencies responsible for administering the system, which are struggling to deal with an excessive backlog of applications.

A new future for our most vulnerable families

The benefits of high-quality ECEC, particularly for children from disadvantaged and vulnerable backgrounds, are well recognised locally and globally across the education sector, in terms of on improving outcomes for children with regards to school readiness and reducing the number of children who start school developmentally vulnerable.¹²

The Australian Early Development Census (AEDC) has clearly identified those communities where disadvantage is more significant, allowing for an easily targeted response.

ACA therefore recommends a system which targets the most vulnerable families, as defined by the AEDC, by assigning additional funding for these identified areas, to employ an additional educator for five hours a day.

The service provider would need to reconcile this funding and provide evidence that it is being used above ratio requirements. This additional educator may hold an ECEC, teaching or allied health qualification as it would be above ratio requirements. The service provider may also wish to focus on educators who understands the cultural context of the children at a specific setting.

We believe now is ideal time to reimagine this very important funding stream to ensure that **every child in Australia** has access to high quality, affordable and sustainable early learning services, and therefore the best start in life.

¹² Academic Research: The benefits of early learning and a play-based environment - <http://beststartinlife.org.au/wp-content/uploads/2019/02/References-Best-Start-In-Life-Academic-research.pdf>



SOLUTIONS

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

- Conducting a thorough root and branch review of the Inclusion Support Program (ISP). This should be led by the Australian Government in close consultation with the sector and families. This review must begin before the federal election.

This review must include the following objectives:

- Ensure that the ISP is **demand driven** to ensure that the benefits of the program are delivered to as many children as eligible.
- Allocate funding for additional educator requirements for children who qualify for Inclusion Support to ensure that the needs of all children are met.
- Increase the maximum number of hours for additional educator support to match the child's hours of attendance.
- Increase the funding rate for additional educators to ensure it adequately covers the hourly rate and on costs for providers and matches the hours attended by children.
- Reduce the need for annual Strategic Inclusion Plans for the service
- Review the administrative processes in place to apply for Inclusion Support funding to ensure they are not overly burdensome.
- Allocate funding for additional educators according to AEDC vulnerability measures.
- Separate the application of funding from implementing inclusion principles in order to:
 - streamline the application process for additional educator funding to remove the excessive administrative burden for both the service provider and inclusion agencies; and
 - allow inclusion agencies to engage with services to promote more inclusive practices, outside of the process of separate funding applications.
- Increase funding of Inclusion agencies to ensure that they are adequately funded to build capacity of the sector's inclusive practices and to meet the needs of the ever-increasing participation rate of children in ECEC in Australia
- Develop a new Inclusion Portal whose technology architecture is fit for purpose and reduces administrative burden
- Consider place-based solutions for communities with high support needs or experiencing vulnerability or disadvantage as determined by the Australian Early Development Census (AEDC).



Investing in Australia's ECEC workforce

Addressing critical shortage of qualified job candidates

The Issue

It is now very well recognised that the Early Childhood Education & Care (ECEC) sector has reached a national workforce crisis. Right now, we urgently need at least 10,000 well-trained, competent early childhood educators and Early Childhood Teachers to fill vacancies.

There are simply **not enough entrants** into the sector to meet the demand and to meet our regulatory requirements for the child-educator ratios. This workforce shortage is impacting equitable family access to their ECEC service. This in turn, has significant implications for the current staff shortages we are experiencing - as many workers are forced to isolate from exposure to the highly infectious Omicron variant - and also for the mid-long term economic recovery of the country.

The situation has been further amplified:

- by the **impacts of COVID-19** - many ECEC services have highlighted additional sick leave being taken due to mental health/exhaustion and that needing to test and isolate due to COVID-19 was exacerbating shortages, coupled with a small percentage of staff leaving the sector due to the COVID-19 vaccine mandates;
- growing demand for places for children, alongside declines in the number of enrolments in educator and teacher qualifications;
- by the growing issue of **new centre builds**, particularly in geographic areas that are already experiencing low occupancy and struggling to find appropriately qualified, job-ready staff; and
- in **rural and remote areas**, where population size is an additional barrier to finding suitable candidates.

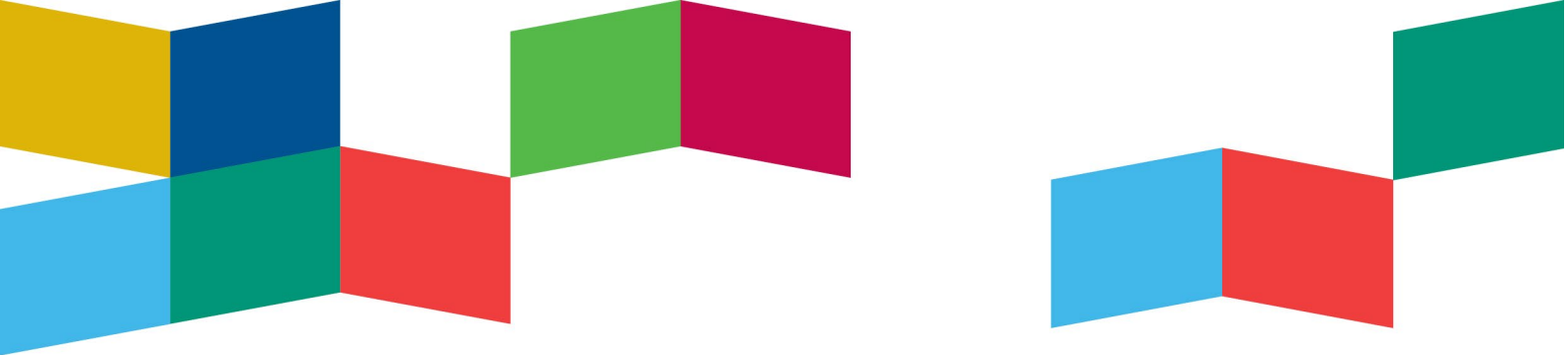
Sourcing Early Childhood Teachers (ECT) is an increasingly urgent challenge **Australia-wide**.

The Department of Education, Skills and Employment (DESE) predicts that Australia will need around **14,200 new Early Childhood Educators and Teachers by 2023**¹³.

Meanwhile the recent National Skills Commission's Skills Priority List indicates a national shortage of both child care workers and Early Childhood (Pre-primary School) Teachers, with strong and moderate future demands respectively¹⁴.

¹³ Labour Market Information Portal - <https://lmip.gov.au/default.aspx?LMIP/GainInsights/EmploymentProjections>

¹⁴ 2021 Skills Priority List, National Skills Commission - <https://www.nationalskillscommission.gov.au/2021-skills-priority-list>



A recent report produced by CELA (Community Early Learning Australia), ELAA (Early Learning Association Australia) and CCC (Community Child Care Association) suggests over 4,500 vacancies (minimum) were advertised in the first six months of 2021 and nearly half of all vacancies remained unfilled in early 2021.¹⁵

Across the board, there is a shortage of Cert III, Diploma and degree-qualified ECEC candidates¹⁶.

This problem will **continue to grow** unless effectively addressed.

Without early childhood educators, **Australians families risk missing out on early learning (child care) places for their children** as strict educator-child ratios must be adhered to, regardless of a workforce shortage.

Employer-focussed incentives

It is in this context, that ACA acknowledges and commends the Australian Government's recent extension of funding dedicated to the **Boosting Apprenticeship Commencements (BAC)** scheme. To date, we know that this wage subsidy initiative has greatly assisted many early learning services to build a sustainable workforce with adequately qualified staff whilst supporting the local community.

We also applaud the Australian Government's commitment to extend the **JobTrainer** program, allowing a further 450,000 funded training places for jobseekers, particularly young people. We believe the commitment to increasing available training places is a powerful start to addressing the problem.

However, we know that the critical issue of recruiting adequately qualified and competent staff will remain a problem for our sector and needs to be addressed via numerous mechanisms. ACA believes there is more work to be done to **attracting jobseekers** to the early learning sector.

Employee-focussed Incentives

We believe **incentivising candidates** to enter the sector and build on their qualifications would greatly assist this issue. This could be done through initiatives that fast track the study requirements, decrease the costs to students, and also maximise the workplace benefits.

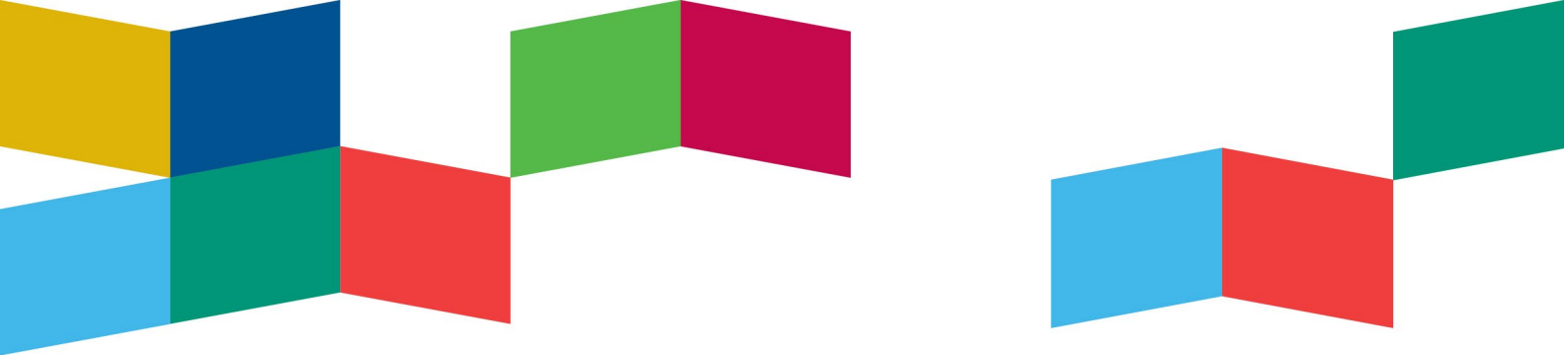
By way of example, the Victorian Government has introduced a range of initiatives to attract candidates to the early learning sector. This includes a government-funded incentives¹⁷ for jobseekers to enter the early learning workforce, a website¹⁸ which promotes the benefits of working in the sector and provides clear guidance on the available options for study, along with a jobs board, which allows a central point for employers and jobseekers to connect.

¹⁵ Investing in our future: Growing the education and care workforce – Nov 2021 - <https://bit.ly/CELAWorkforceReportNov2021>

¹⁶ Jobs In Demand – Dashboard as at 3 July - <https://www.nationalskillscommission.gov.au/resource-centre/latest-data>

¹⁷ New Financial Incentives To Boost Early Childhood Jobs - www.premier.vic.gov.au/new-financial-incentives-boost-early-childhood-jobs

¹⁸ Victorian Government Vocational website for early learning - <https://bit.ly/VicGovECEC-CareerPathways>



Victoria's Deakin University also offers an accelerated Bachelor of Early Childhood Education which enables 76 Victorian educators to upskill to become an early childhood teacher in 18 months, instead of the usual 3 years¹⁹.

ACA highly recommends the introduction of a **nationally available** fast-track degree program to rapidly upskill early childhood educators to the degree qualification level of early childhood teacher in a period of 18 months, instead of the usual three years.

We also recommend funding support to **reduce the student costs** to undertake the most relevant courses such as the Bachelor of Education (Birth to Five Years). Further incentivising this degree will ensure that these teachers remain committed to the ECEC sector and avoid leakage to primary schools.

Meanwhile for **regional** ECEC services to have any chance to be competitive and maintain places for their children, we recommend waiving the HECS-HELP fees for graduates who then commit to working with ECEC services in regional and remote regions for a period of **no less than three years**.

This could work in a similar way to the existing programs set up to attract and retain doctor graduates in regional and remote areas.

For example, the Bonded Medical Program was established in 2001 and is a critical component of the Australian Government's *Stronger Rural Health Strategy* to ensure that the Australian trained medical workforce is well-distributed, flexible and targeted to areas of most need.

The Program provides students with a Commonwealth-supported place at an Australian university. In exchange for the place, bonded participants agree to work in an eligible regional, rural and remote area for a specified period once they have completed their medical degree. This work is known as their Return of Service Obligation (RoSO). From 1 January 2020, these two schemes were closed to new participants and a new reformed Bonded Medical Program (the 'Program') arrangement came into effect. The Department of Health has refreshed the Program to provide greater support for bonded students and doctors.²⁰

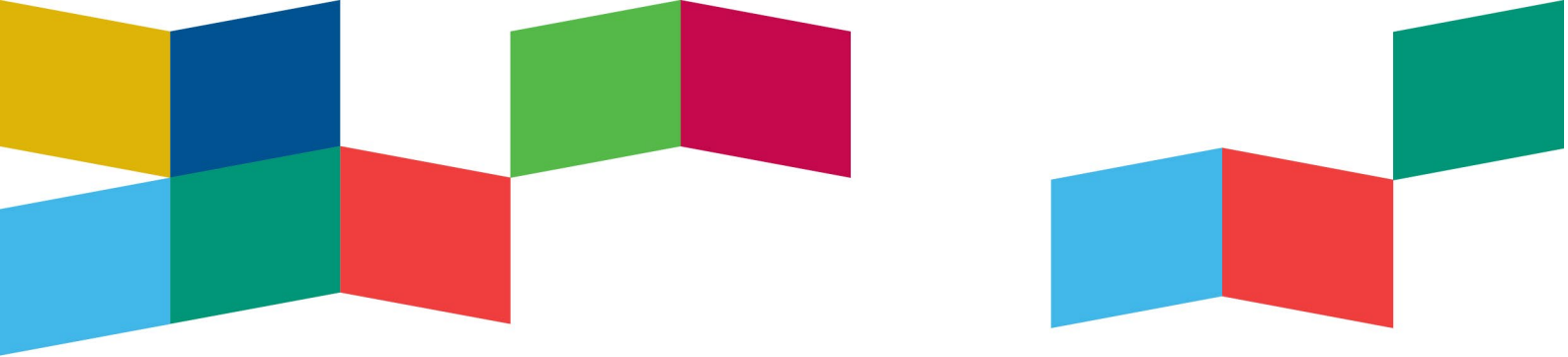
Another example is the HECS repayment scheme for doctors and nurse practitioners. From January 2022, the Federal Government will wipe the university debt of doctors or nurse practitioners, with several accompanying conditions including that they are placed in regional remote areas.²¹

ACA believes further incentives such as maximising the **workplace benefits** in the early learning sector could also help attract candidates. For example, the opportunity for employees to access fringe benefits such as salary sacrifice in relation to their own child care, leasing of cars or electronic

¹⁹ Deakin University Accelerated Early Childhood Education Program - <https://www.deakin.edu.au/study/find-a-course/education-and-teaching/accelerated-early-childhood-education-program>

²⁰ Bonded Medical Resources, Department of Health - <https://www1.health.gov.au/internet/main/publishing.nsf/Content/reformed-bonded-programs-resources>

²¹ Government to lure doctors and nurses to rural, regional and remote areas by slashing university debt – ABC News article 10 Dec 2021 - <https://www.abc.net.au/news/2021-12-08/government-to-slash-university-debt-for-remote-health-workers/100681094>



equipment would provide them with valuable personal benefits whilst lowering their income tax threshold.

We acknowledge and commend the recent Australian Government announcement²² around support for gap fee discounts for early child care educators whose own children are in care and to attract new workers into the sector. This initiative is a positive step in this context.

Finally, we would strongly support a **national education campaign** to outline the incentives listed above, along with the various **career pathways and opportunities** available to early childhood educators and Early Childhood Teachers **beyond** their entry role. This would include relevant information to help candidates research their study options and seek the financial assistance available. This recommendation aligns with Focus Areas 1.4 and 2.3 of the ACECQA Ten Year Workforce Strategy²³, which propose a national communications campaign and the development of a suite of resources highlighting the careers and career pathways available within the sector.

In terms of **training needs** for the early learning workforce, ACA would also recommend a funding program that allows all educators to take time away from their duties to undertake the **Be You** training modules, which would assist them to identify children at risk of mental illness and support the wellbeing of the children (and their families) in their care (including funding to backfill the staff while training).

ACA believes that addressing the undersupply of qualified job candidates would not only benefit the early learning sector - it would also serve the dual purpose of providing strong, stable employment opportunities, particularly for women, who have been dramatically affected by the COVID pandemic.

Finally, ACA is concerned for the income security of our sector's workforce in the context of living with COVID-19 and the potential isolation requirements of staff or temporary closure of service providers under their state government or localised health orders.

Our experiences in New South Wales (NSW) and Victoria have emphasised the need to continue paying the salaries of those staff impacted by the above scenarios from time to time.

We would therefore recommend the ongoing extension of the Pandemic Leave Disaster Payments to ensure there is security of funds available for ECEC workforce, for those unpredictable occasions when they are required to isolate or stand down during a temporary service closure.

²² Australian Government Media Release 16 December 2021t - <https://ministers.dese.gov.au/robert/investing-education-create-opportunities-and-grow-economy>

²³ Shaping Our Future: A ten year strategy to ensure a sustainable, high-quality children's education and care workforce 2022 – 2031 - <https://www.acecqa.gov.au/sites/default/files/2021-10/ShapingOurFutureChildrensEducationandCareNationalWorkforceStrategy-September2021.pdf>



SOLUTIONS

Employer-focused

We call on the Australian Government to:

- Continue funding the Boosting Apprenticeship Commencements (BAC) scheme beyond the next financial year to 2022/2023.

Employee-focused

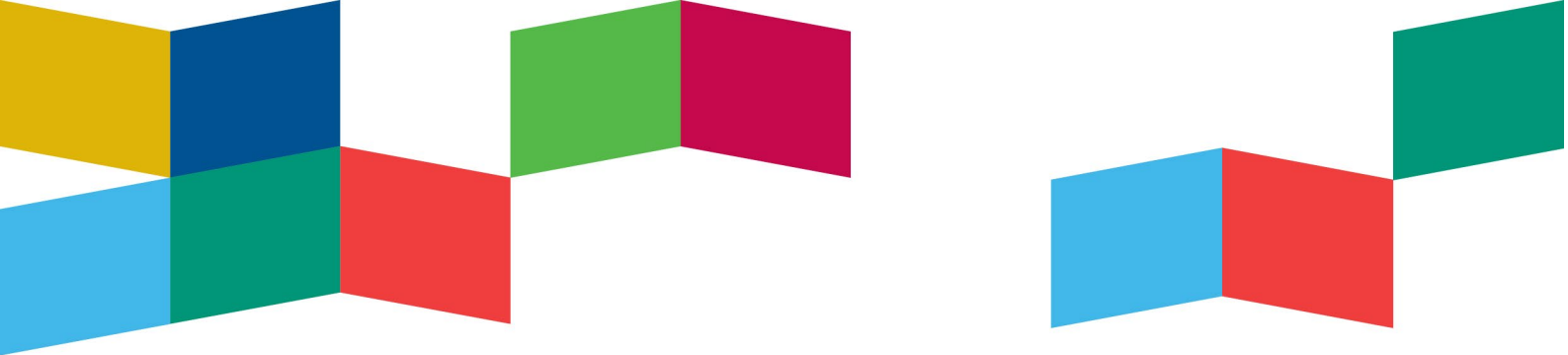
We call on the Australian Government to:

- Maintain the Pandemic Leave Disaster Payments to ensure there is security of funds available for ECEC workforce as likely to be regularly exposed to COVID-19.
- Maximise workplace benefits in the early learning sector.
This includes:
 - allowing for a fringe benefits tax exemption for service providers in the context of providing fringe benefits to employees such as salary sacrifice in relation to childcare, cars, electronic devices, etc. This initiative could help attract jobseekers to the sector by lowering their income tax threshold and therefore boosting their income.
- Provide a funding program that allows all educators to take time away from their duties to undertake the **Be You** training modules to assist them to identify children at risk of mental illness and support the wellbeing of the children (and their families) in their care (including funding to backfill the staff while training).
- Provide the funding and resources to run an immediate **national education campaign** to promote the career path of working in the sector beyond the entry role and encourage unemployed Australians to consider working in the early learning sector through an entry-level Traineeship or to enrol in an Early Childhood Teaching Degree. Such a campaign would require a national call to action which puts jobseekers directly in touch with the application process. It should also outline the workplace benefits incentives recommended above, including the discounted access to early learning(childcare) for their own children

Qualifications, training & study measures

We call on the Australian Government to:

- Ensure funding for vocational ECEC courses appropriately meets the requirements of the mandated course load, which is substantially higher than most other certificate and diploma courses.
- Incentivise applicants for the Bachelor of Education (Birth to Five Years) by further reducing the cost to students.

- 
- Immediately provide the funding and resources to create a nationally available fast-track degree program to rapidly upskill early childhood educators to the degree qualification level of early childhood teacher in a period of **18 months**, instead of the usual three years.
 - Incentivise educators to be trained and retained in regional and remote Australia through a conditional waiver of HECS-HELP fees. This can be tested through a two-year pilot project across key areas of need.

With over **360,000 families** in our care, ACA believes **all of Australia's children** have the right to the **best start in life**.



Balancing supply with demand:

Aligning early learning service locations to support demonstrable need

Oversupply of services increases costs for families

ACA believes that in the early learning sector there is a **direct correlation** between an oversupply of services and an **increase in costs to families**, taxpayers and **to government** along with a **decrease in the quality of education and care**.

The early learning sector operates under a unique set of circumstances – it is subsidised by the Federal Government and includes a high level of fixed costs (wages, rent and mortgages). As a result, prices are relatively inelastic, and typically **do not decrease with increased supply and competition**.

No due diligence from site developers

Oversupply is a growing issue in Australia's early learning sector. With few barriers to entry for new or existing providers to set up new centres, the saturation of childcare centres in certain geographic areas has led to many services experiencing lower utilisation or being squeezed out of business.

If not addressed, oversupply will lead to **increased costs for families** and an **increase in government spending** and may have a **negative impact on the quality** of services in local communities.

Planning is the key

Early learning services should be made available **where needed**, as part of good, local community planning to allow for better access at a price that facilitates participation by all families, strengthens the local community and allows for sustainable, high-quality services.

SOLUTIONS

We call on the Australian Government to:

- Allocate funding to allow for the development of aggregated occupancy reports published quarterly via clusters of postcodes or state electorates across Australia. Such reports would be invaluable to advise the market as to where oversupply and undersupply exist and therefore allow for careful town planning.



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