



Submission

In response to draft National Strategy
for the Care and Support Economy

June 2023



#BestStartInLife



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Foreword

This paper was developed by the Australian Childcare Alliance (ACA) in response to the Department of Prime Minister and Cabinet's call for relevant stakeholders to provide submissions to their draft National Strategy for the Care and Support (the draft Strategy),

ACA commends the Department for drafting the Strategy, which acknowledges and values those working in this broad category in their important roles and the impact they make in our communities and economy.

Furthermore, ACA is gratified that the draft Strategy aims to support the underpinning workforce challenges which are a shared issue across the disability, aged care, veteran care and Early Childhood Education and Care (ECEC) sectors.

As the national peak body in the Australian Early Childhood Education and Care (ECEC) sector, the Australian Childcare Alliance (ACA) represents more than 2,500 members and approximately 360,000 families throughout Australia. We work on behalf of long day care service owners and operators, predominantly private, to ensure families have an opportunity to access affordable, quality ECEC throughout Australia.

The ACA has existed in various forms for more than 30 years. Our experience means that we understand the critical role a quality ECEC program plays in the life of families and the importance of a viable long day care sector in preparing children for the best start in life and learning.

This submission paper responds to the questions raised in the Strategy, with a view to addressing the most critical challenge for the sector today – the national workforce shortages.

Many of ACA's submissions, policy papers and advocacy over the years (past and present) have reflected the need for greater understanding, strategy and investment in the current and future ECEC workforce. We commend the draft Strategy as the Labor Government's commitment to addressing the needs of the current and future ECEC workforce.

Our aim is to identify immediate solutions to set the foundation for the best outcomes, thus ensuring that **every child in Australia** has access to high quality, affordable and sustainable early learning services, and therefore the **best start in life**.

Yours sincerely,



Paul Mondo
President





High-level feedback

ACA has some concerns that the draft Strategy sets out a broad and overarching approach that doesn't recognise the very different work environments and functions of each sector. ACA believes that disability, veteran support and aged care work sit well together as a collective group, with transferrable skills, work experiences, understanding and qualifications. In contrast, the Early Childhood Education and Care (ECEC) sector stands apart in terms of its community objectives, relevant skillsets, qualifications, work experiences and government support, with all government engagement taking place via the Department of Education.

ACA, along with many other peaks and bodies within the ECEC sector, has long advocated that Early Childhood Educators have an important role that expands above and beyond simply being child 'carers'. ECEC has a strong foundation and practice in education and pedagogical principles, with our workforce proudly known and referred to as Early Childhood Educators and Early Childhood Teachers.

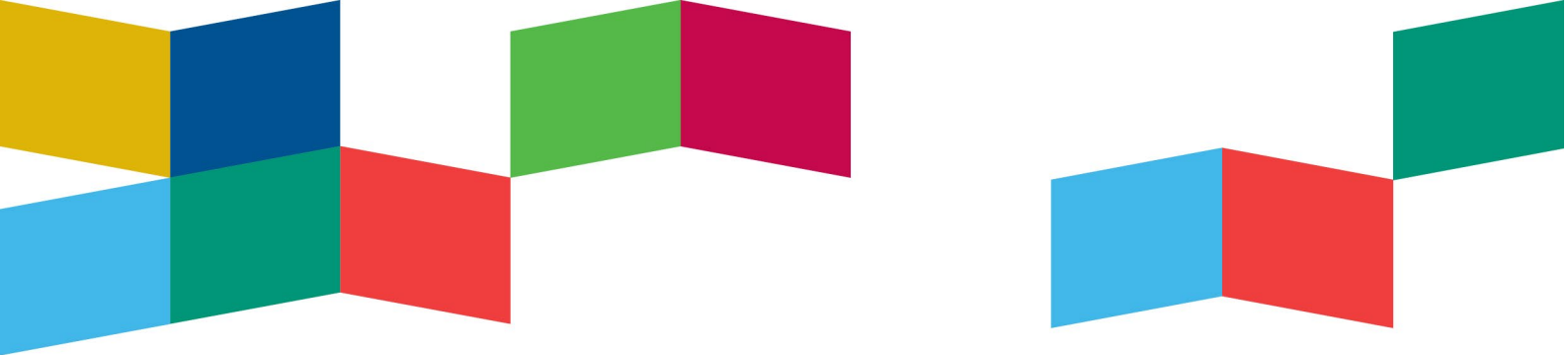
Perception and Use of Terminology

Current discussions to change the language and terminology of ECEC that moves away from 'care' to reflect education has been taken as part of Focus Area 1-5 of the National Children's Education and Care Workforce Strategy 2022-2031: 'Agree and consistently use contemporary terminology to describe the children's education and care sector, and its workforce.' The recent ANZSCO Review also sought to reflect terminology used with the sector more consistently by reclassifying ECEC occupations, and include additional roles not previously captured.

Alignment with Department of Education

ACA members who are ECEC providers, owners, and operators work with their relevant Department of Education. As does each of ACA's State, Territory and National Boards to advocate and shape meaningful changes that flow down to a direct service level that affect operations, staff, families, and children. More recently, ECEC policies and majority of funding has moved under the Department of Education. Such moves reflects the government's view, value, and perspective shift to acknowledge the importance of ECEC in early years education, not simple care or 'childminding'.

ACA acknowledges the draft strategy is an attempt to coordinate a range of recent government strategies, visions, inquiries and actions across different government bodies and departments for greater collaboration, coordination and to break down silos. The draft strategy acknowledges the importance of the workforce within ECEC and that it requires long-term investment and understanding of the sector from the ground up to make meaningful, sustainable, co-ordinated change at both the national and state levels.



Recommendation

ACA recommends:

- That the ECEC workforce is viewed as a **separate**, stand-alone sector with specific qualifications, skills and work experiences that are not easily transferrable to the other support and care economy industries.
- That any planning or approach to portable workforce relates only to the disability, veteran, and aged care workforce.



Content-specific feedback

Vision

1. **Vision: A sustainable and productive care and support economy that delivers quality care and support with decent jobs**

ACA strongly agrees with the Vision Statement.

2. **Please provide an explanation for your rating, or suggest any changes to the vision.**

ACA supports the draft Strategy's Vision for sustainable and viable services that operate in the care and support economy with investment in the workforce that are essential to deliver the care and support economy.

Goals and policy objectives

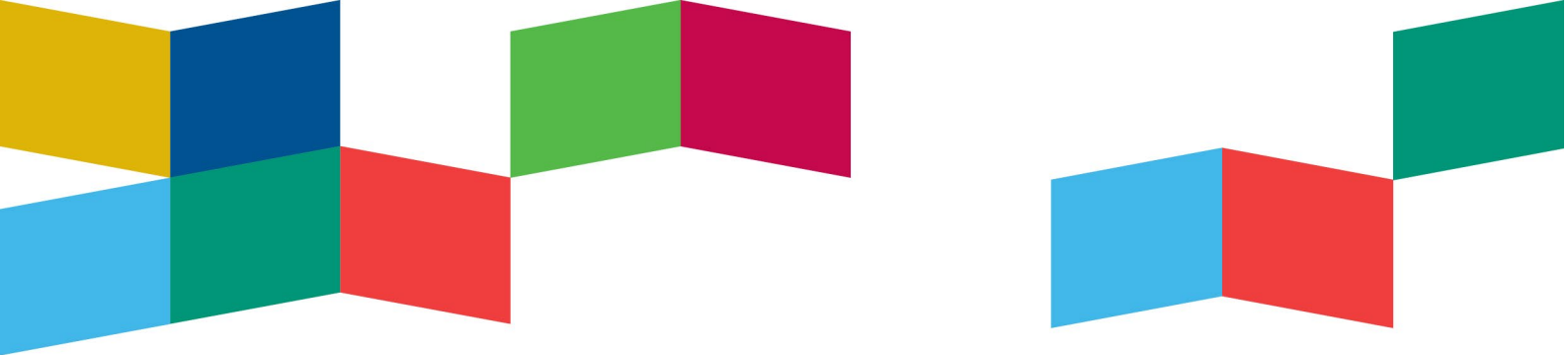
3. **Goal 1 - Quality care and support: Person-centred services that recognise care and support recipients as individuals and deliver quality outcomes**

ACA strongly agrees with the wording of Goal 1.

4. **Please provide an explanation for your rating, or suggest any changes to Goal 1.**

ACA supports Goal 1 in ensuring that ECEC educators and teachers are recognised, valued, and paid appropriately to recognise their skills, experience and qualifications that are essential for the ECEC sector.

5. **In considering the following policy objectives for Goal 1, are there any changes or additions you suggest?**



There are existing quality systems that are delivered through ECEC services, using frameworks that include the National Quality Framework and the National Quality Standards. These came into effect across the ECEC in 2012, and since then the sector has worked incredibly hard to bring qualifications, standards, ratios, and service delivery to a high quality level.

There is a need for a strong and stable workforce, however, in seeking to achieve this there cannot be any increased cost for families nor compromise on the work done by the sector.

Recommendation

ACA recommends an additional inclusion to the Goal 1 objectives - the sector needs to be adequately funded.

This is further to government commitment to adequately fund the (ECEC) workforce to respond to their needs, workforce demands and reflect through increased remuneration measures (that extends beyond the indexation increases).

Without adequately funding the sector to ensure that it remains viable and sustainable, there is no security, or capacity to continue maintaining high-quality, consistent workplaces for staff and service delivery.

6. Goal 2 - Decent jobs: Secure, safe jobs with decent wages, conditions and opportunities for career development

ACA strongly agrees with the wording of Goal 2 with no additional changes to add.

7. In considering the following policy objectives for Goal 2, are there any changes or additions you suggest?



Recommendation

ACA recommends an additional inclusion to the Goal 2 objectives – support the recognition of the ECEC workforce as highly professional and valued, with fulfilling and rewarding career paths.

Changing the narrative on what it's like to work in the ECEC sector is critical to ensure the attraction and retention of quality staff.

This objective could be supported by a national education campaign that focuses on the benefits of working in the ECEC sector, using strengths-based language and profiling real Early Childhood Educators.

8. Goal 3: Productive and sustainable: A care and support economy that has functioning markets, sustainable funding and generates productivity gains

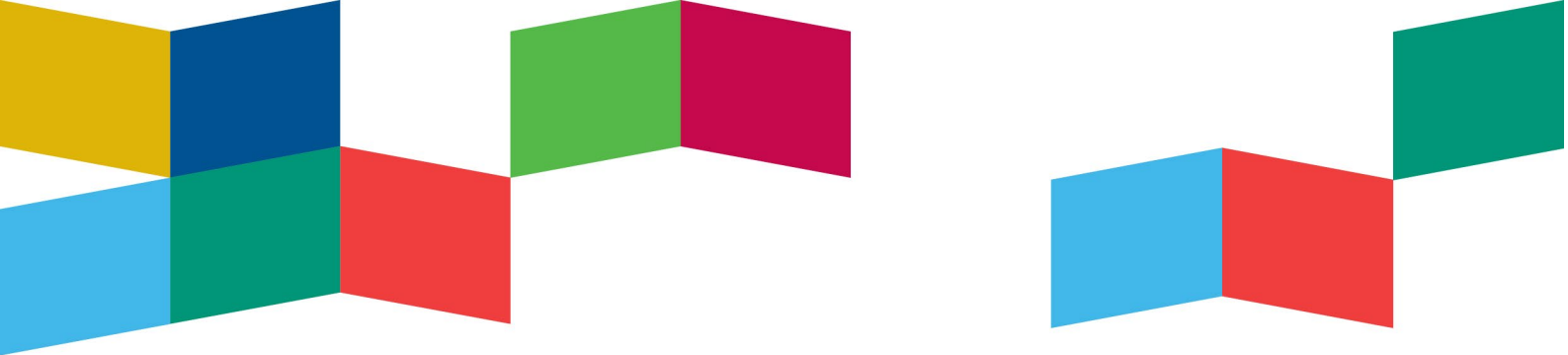
ACA strongly agrees with the wording of Goal 3.

9. Please provide an explanation for your rating, or suggest any changes to Goal 3.

In providing further context about this goal, it is important to understand how workforce shortages affect the service viability, sustainability, and the functioning market.

For many centres to remain viable in the ECEC sector, they need to have a minimum 70% occupancy rate of children within their service. However, with mandatory staffing ratio requirements many services describe that they have capped their numbers because they do not have the staff to satisfy staffing requirements. The capped numbers are a direct consequence of the critical ECEC workforce shortages which impacts the available spaces for children and families, and also the service viability.

ACA held two surveys in February and May 2023 to understand the impact of ECEC staff shortages on available child placements. Respondents were asked to estimate the number of



child placements they had been forced to withdraw per week due to a lack of staff, during the week that they completed the survey.

The February survey – focussing on placements during 9 – 22 February 2023, with 672 respondents across Australia who operate a LDC - revealed that 67% of respondents were capping their enrolment numbers and turning families away due to lack of staff, with a total of 16,300 places removed from Australian families across one week alone in February 2023.

The May survey – focussing on placements during 8 – 12 May 2023, with 482 respondents across Australia who operate a LDC – revealed that 56% of respondents were capping enrolment numbers, with a total of 10,961 places withheld from families during the week of 8-12 May.

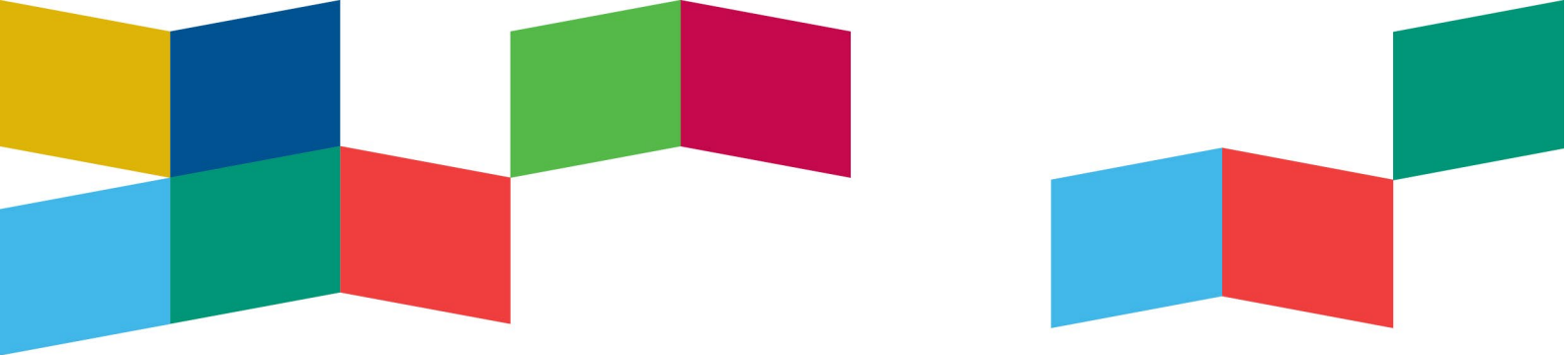
The change in place numbers reflects a drop in survey respondents (survey respondents fell from 672 in February to 428 in May) rather than an improvement in access. The ACA survey results reflect how ECEC services have been forced to cap enrolments as a direct result of critical shortages of educators and the strict educator-ratio rules that govern how many children can be enrolled on any one day.

As the backbone of the Australian economy, the early learning sector’s viability and sustainability are critical components of achieving the Australian Government’s objectives of full employment and productivity growth for the benefit of all Australians, along with women’s economic participation and equality. In 2014, Price Waterhouse Cooper estimated that in supporting women to access ECEC there would be an increased female workforce participation to the value of \$6 billion cumulative to 2050¹.

Goal 3 of the draft Strategy needs to ensure the sector is supported through funding and policy considerations to remain viable and sustainable so that centres can continue to support parents return to work, general wider economic and social productivity that adds value to the Australian society.

10. In considering the following policy objectives for Goal 3, are there any changes or additions you suggest?

¹ 4 24, PWC, 2014, Putting a value on early childhood education and care in Australia, <https://www.pwc.com.au/pdf/putting-value-on-ecec.pdf>



This draft Strategy (in addition to the current ACCC and Productivity Commission Inquiries) provides an opportunity to understand the existing ECEC funding models and the need to move towards responding to the actual costs associated with service delivery. These costs vary depending on a range of contributing elements for each early learning service.

For example, the costs associated with a service in a remote location servicing a lower socio-economic community and supporting families experiencing vulnerable financial circumstances would be significantly different to those for a service in a wealthier, metropolitan area with access to health and other support services in close proximity.


There are significant points of variation in the geographic location, demographics of the community, access to additional support services and ability to support the diverse needs of the child and family.

A key question worth asking is this - How can we fund the sector in a flexible way that responds appropriately to the varying true costs of service delivery in meeting a child and family's needs and ensuring the individual service is adequately resourced?

Furthermore, the difficulties of attract an experienced and appropriately qualified workforce into remote and regional areas of Australia are well known. In order to maintain high quality education and care and incentivise adequately experienced and qualified jobseekers to work in a remote centre, this may come at an additional cost.

Historically, ECEC funding has been indexed using CPI. However, indexation alone has not been enough to keep up with the impact of regulatory changes and the increase in delivery costs from year to year. Both the current Child Care Subsidy and the previous Child Care Benefit were significantly devalued year on year due to the limitations of indexation without capturing the changing operating environments of service delivery. All subsequent funding models face the same risk without a legislated mechanism to review rates of funding to ensure their currency.

There are opportunities to review and assess the effectiveness of current government grants that seek to incentivise providers to establish centres in 'child care desert' areas. Often these grants fail to be responsive to the true costs associated with and the challenges of setting up and the feasibility long term in some of the targeted regions. For example, the recently implemented



Community Child Care Fund for unmet demand to assistance with the cost of building and operating services was up to \$900,000².

However, greater consultation with the sector and local communities (where centres are sought to be established) would indicate the costs to build and operate a service would exceed the grant amount, with an average centre build cost being approximately \$2 to \$3 million³. Note this figure would likely increase if the region was remote, to allow for additional freight costs, travel of trades and other professionals to complete the build.



Recommendation

ACA recommends an additional inclusion to the Goal 3 objectives:

- In relation to 3.3 The government investment and expenditure needs to better reflect and respond to the variation in service delivery costs by implementing a flexible funding models, particularly in rural and remote locations.
- Include the opportunities for co-design government grants process with the sector to create fit for purpose and realistic funding to attract and retain feasible, long-term and high-quality centres in areas where viability is challenging.

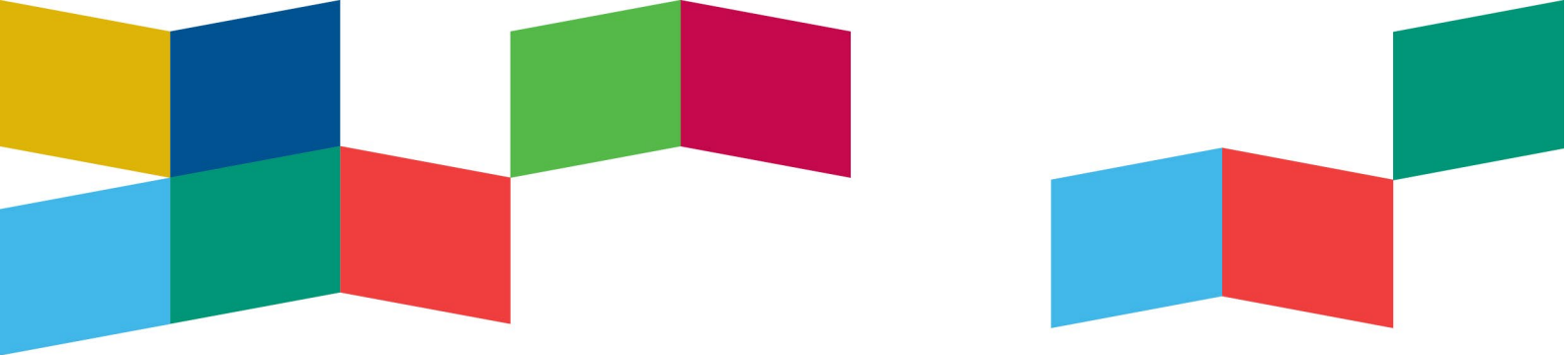
The current state

11. In your view, what are the current key challenges for the care and support economy?

Current workforce crisis - Sourcing Early Childhood Teachers (ECT) and educators is an increasingly urgent challenge Australia-wide. The Department of Education, Skills and

² 1 Department of Education (2023), Community Child Care Fund grants for new services in areas of limited supply, Department of Education

³ Perth Building Projects (2021) What does it cost to set up a childcare centre from scratch?, Perth Building Projects, Australia.



Employment (DESE) has predicted that Australia will need around 39,000 additional educators, including 9,000 additional ECTs, by 2023⁴.

Meanwhile the National Skills Commission's Labour Market Insights indicate a national shortage of both Early Childhood Educators and Early Childhood (Pre-primary School) Teachers, with overall employment in Education and Training projected to grow by 149,600 (or 13.4%) over the five years to November 2026⁵.

Further to the ECEC workforce issues, there is scope for the investment in wrap around services (like Allied Health) for areas of greater need with more vulnerable cohorts. These are effectively the secondary ripple effect of the 'care and support economy' that are essential for ECEC services to support children with additional needs and their families.

ACA acknowledges the importance for earlier intervention service which will often create better outcomes for the child and family, whilst saving associated support costs later. There is opportunity through the draft Strategy to fund on needs-based model for SEIFA areas, and those wrap around services.

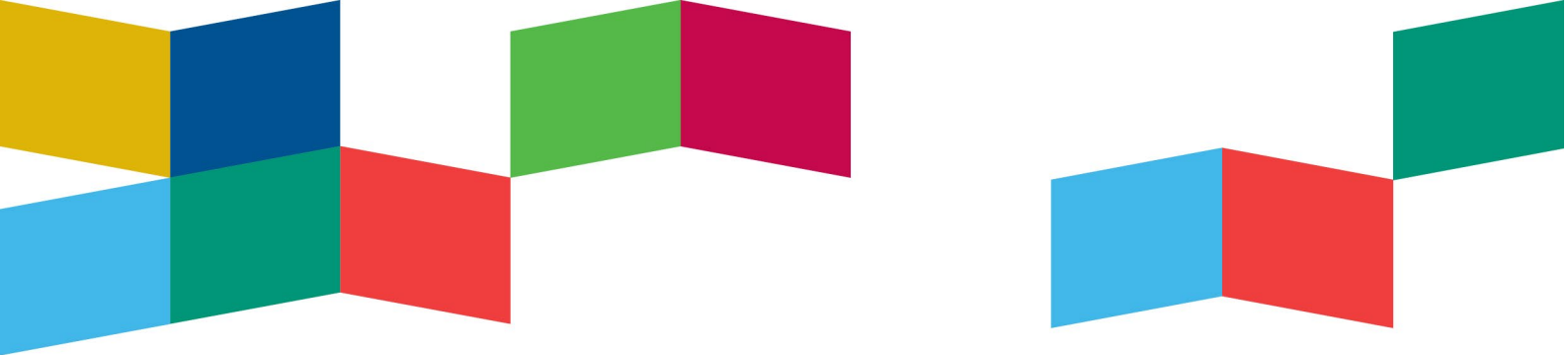
Recommendation

ACA recommends:

- Establishing a new national needs-based funding program for children for all ECEC services that responds to local community needs - as determined by the Australian Early Development Census (AEDC) and provides resources for additional support on a needs basis.

⁴ Australian Government, (2021), Child Care Workers, Labour Market Insights, Australian Government

⁵ 6, Community Early Learning Australia, Early Learning Association Australia and Community Child Care Association (2021) Investing in our future: Growing the education and care workforce, Community Early Learning Australia, Early Learning Association Australia and Community Child Care Association, Australia



12. In your view, what is currently working well in the care and support economy?

The ECEC sector has adapted and responded to the NQF and NQS over the last ten years, which has created a highly regulated service delivery, with strong structures developed. These aspects and ability to respond to these changing regulations should be recognised as being critically important and significant to be the baseline for a sector that prides themselves on high quality early educate and care.

Actions to achieve the Vision

13. In your view, what is the first thing Government(s) should do to achieve the vision of a sustainable and productive care and support economy that delivers quality care and support with decent jobs?

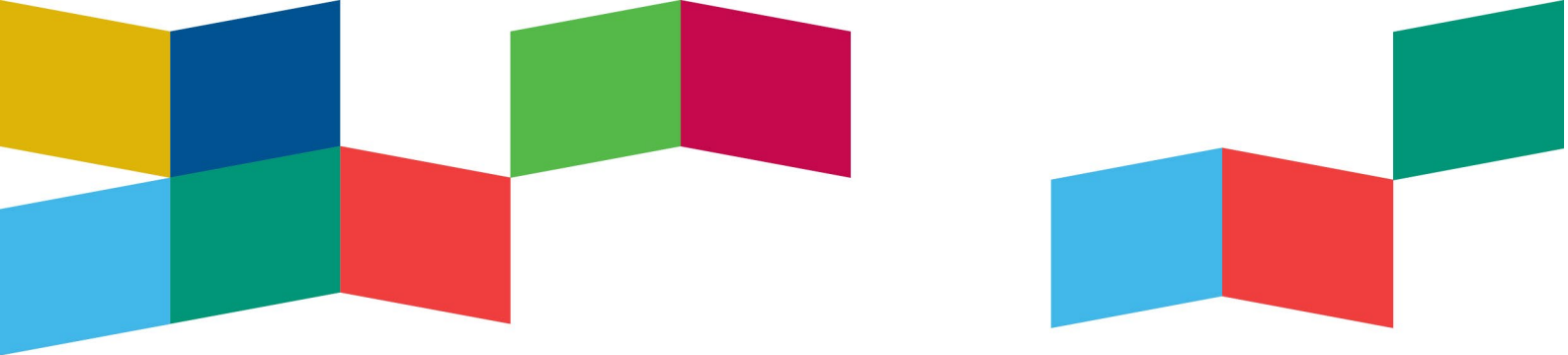
Recommendation

- The most urgent, critical requirement for the ECEC sector is that the Federal Government should fund a wage rise for ECEC workforce as part of Priority Workforce Initiatives.

The draft Strategy acknowledges that the workforce underpins the care and support economy, and hence funding a pay rise will invest in the exiting workforce, support retention and attract new people to the sector. This can only happen with the commitment to invest in improving wages and conditions for the workforce.

ACA also recommends the following:

- Incentivise educators to take on a teaching (ECT) degree through a conditional waiver of HECS-HELP fees.
- Provide funding to cover 10 hours of backfill for every educator employed at the service per year, to allow for their ongoing mandatory professional development.

- 
- Engage with ACECQA to ensure a smooth qualification assessment (translation of international vocational and tertiary qualifications to recognised qualifications here), including reinstating the automatic public listing of overseas qualifications as accepted once such qualifications become approved for the first time.
 - Immediately provide the funding and resources to create a nationally available skills-focused degree program to rapidly upskill existing Early Childhood Educators to the degree qualification level of early childhood teacher in a period of 18 months, instead of the usual three years.
 - Ensure that ACECQA and all jurisdictions recognise the transfer of aligned qualifications to work in the early childhood/child care sector. Eg. Diploma in Outside School Hours Care, Diploma of School Age Education.
 - Work with all jurisdictions and Teacher Registration Boards to ensure national consistency in recognising the Birth-to-Five Early Childhood Teaching Degree via mutual recognition.

As a priority, and beyond any of the additional recommendations outlined above, ACA strongly urges the Federal Government to fund a wage rise to ensure that our ECEC workforce are paid adequately to reflect the value, experience, qualifications, and high-quality they bring in the delivery of early education and care for children and to support their families. If the government truly values the ECEC workforce, as person centred (outlined in Goal 1 and objective of Goal 2 – ‘2.1 Pay and conditions reflect the value of care and support work’), then an immediate commitment through a funded wage rise would reflect this.



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