



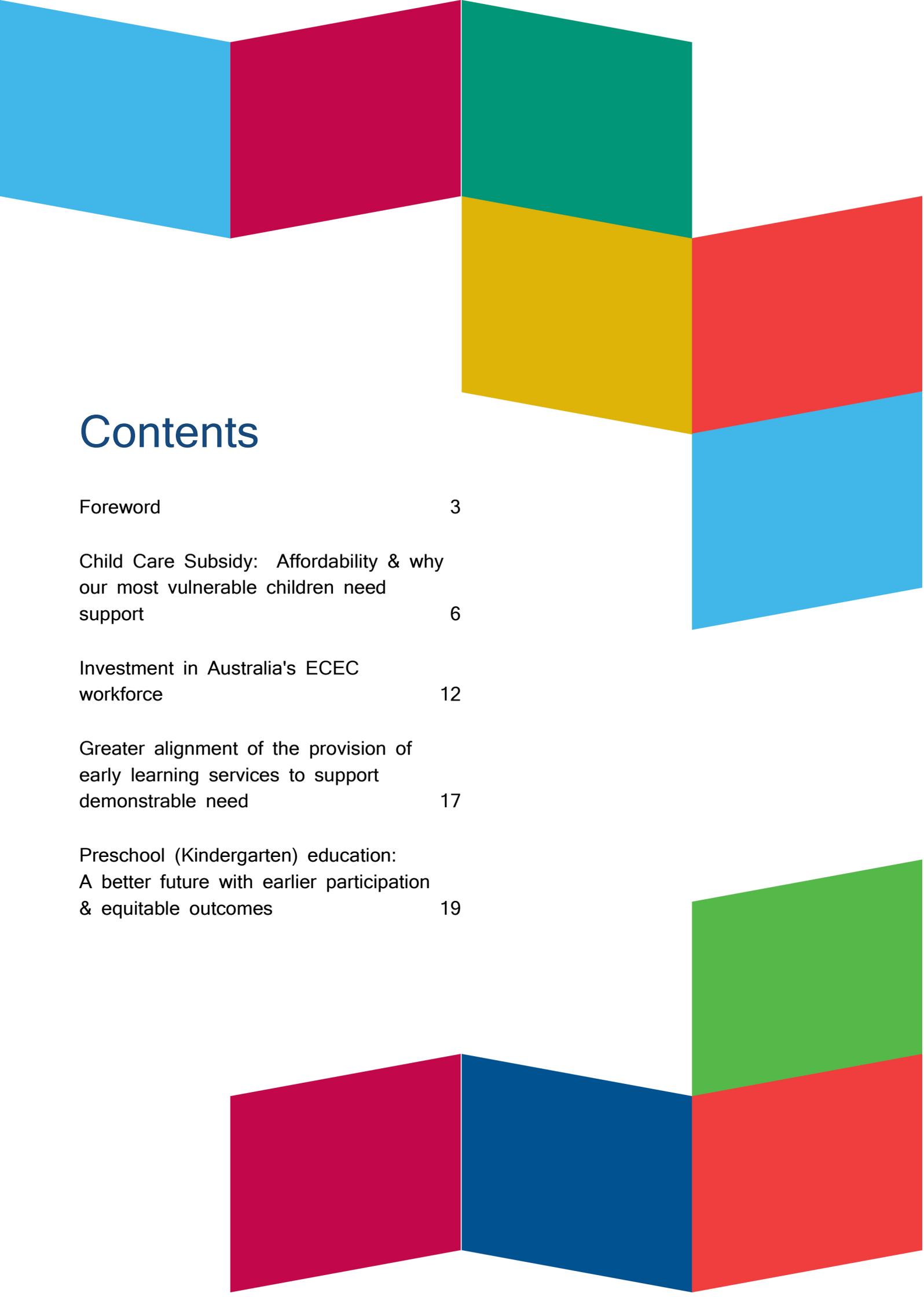
2020-2021 Pre-Budget Submission

A COVID-19 Update

#BestStartInLife

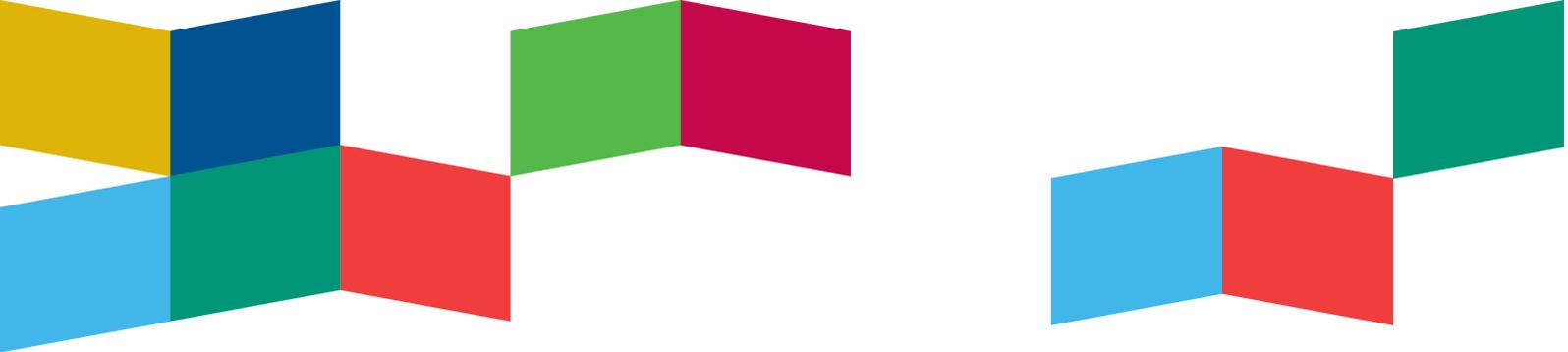
August 2020





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Foreword

This pre-budget submission 2020-21 is presented by the Australian Childcare Alliance to the Australian Government as an addendum to our previous [paper](#) submitted in December 2019.

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 early learning services, who educate and care for more than 360,000 families throughout Australia.

We work on behalf of early learning service owners and operators, predominantly private, as a reputable source of evidence-based advice to policy makers and a trusted source of practical guidance and support to service operators and educators.

While ACA's commitment to the early learning sector is unwavering, this revised submission acknowledges the dramatic impact of COVID-19 on all parts of the economy since the start of 2020.

Treasury has forecast that the jobless rate could reach 10.75% by December, the highest for 26 years, depending on how businesses delegate jobs. At such a rate there would be 1.4 million Australians out of a job.

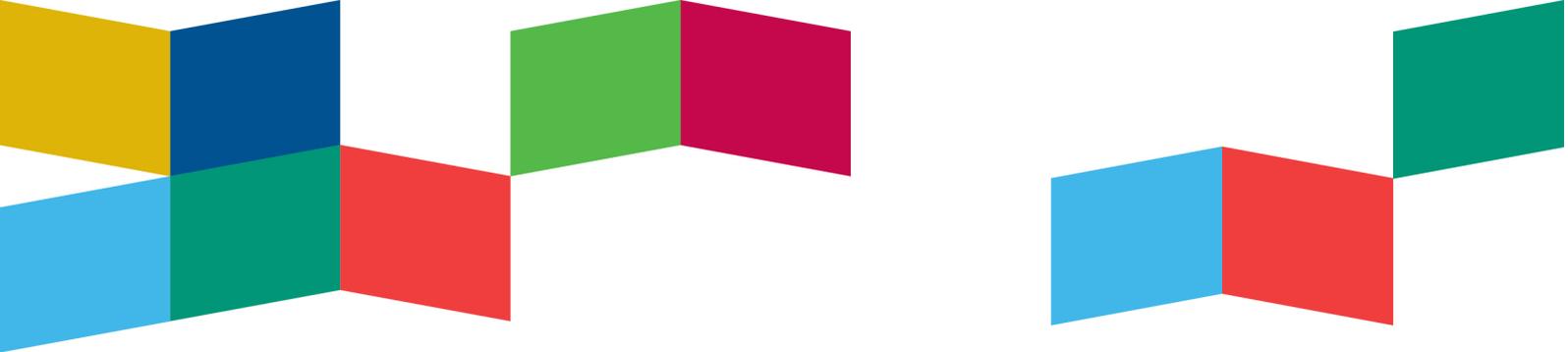
Wage growth is also expected to fall, having been revised down to 1.75% and 1.25%, the lowest since ABS records were kept, and well down on last year's mid-year update of 2.5%.¹

We are acutely aware of the ongoing health and economic crisis facing our country and the need to ensure that there is adequate support to allow the ongoing safe access to early learning for those families who need it. Throughout the pandemic, we have provided a safe haven for Australia's many children who need to stay in our ECEC services, and stood shoulder-to-shoulder with the Minister for Education on finding economic solutions that have effectively saved the sector from imminent collapse.

Our immediate and shared priority has been to ensure the ongoing safety, wellbeing and quality education of the children in our care. And for that to happen, we have worked around the clock to ensure the ECEC community can survive the unprecedented economic, social and health shocks that this global crisis has wreaked upon our beloved nation. This pandemic has pulled the curtain back on just how critical the ECEC sector is to supporting our economy and allowing all working parents - emergency and healthcare workers amongst them - to continue in the workforce and contribute to the recovery and growth of our economy.

I would like to take this opportunity to commend the Prime Minister, the Hon Scott Morrison MP, Minister Tehan and the Australian Government for their tremendous leadership over the past few months.

¹ 'Why unemployment could hit 10.75pc', The Australian Financial Review - <https://www.afr.com/policy/economy/why-unemployment-could-hit-10-75pc-20200723-p55eof>



We honour the Australian families who have supported our members as we navigated this turbulent and frightening shifting landscape.

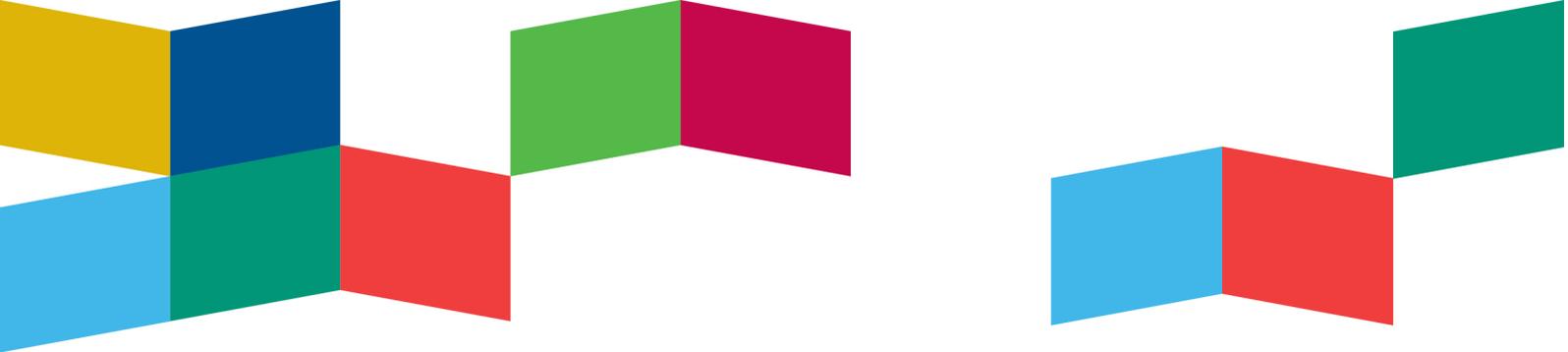
The Government's ECEC Relief Package, coupled with the JobKeeper Payment, succeeded in holding up the majority of the early learning sector when it was on its knees and, for that, we are tremendously grateful. We also greatly appreciated the Government's ongoing consultation with the ACA leadership to monitor the success of the combined funding support packages and address any unintended consequences of the funding models.

While no one can predict how long this crisis will last; we do know there is now no doubt of the essential role our members continue to play in keeping our young children safe and educated and allowing their parents to return to work.

ACA welcomed the Transition to the Child Care Subsidy (CCS) funding model, which allows families greater access to early learning (childcare) while keeping the sector viable and sustainable.

With the recent spikes of COVID-19 across parts of Victoria and New South Wales, the ongoing need for a flexible, targeted and agile response is sadly underscored. We all need to be vigilant and prepared to move quickly with scalable funding and policy levers, should the situation worsen or spread.





ACA also believes it is crucial that families, already facing hardship, are not overwhelmed by an administrative burden, as they try to ensure their children can attend their early learning service. The Prime Minister recognised this when he recently committed to cut any red tape that threatens to hamper our economic and social recovery.

As well as being the recognised bedrock of our fragile economy; it is now well recognised, locally and globally, that high quality ECEC improves the health and wellbeing of Australia's children, helping them to develop strong social skills, resilience and approach a love of learning.² The health and developmental benefits of early learning to Australia's young children are now needed more than ever, and the long term benefit to our economy is exactly what policy makers need to focus on.

ACA is extremely proud of our work in supporting the early learning sector through this terrible COVID-19 crisis. We will continue to ensure that the families of essential workers, along with children from disadvantaged and vulnerable backgrounds, can access our ECEC services.

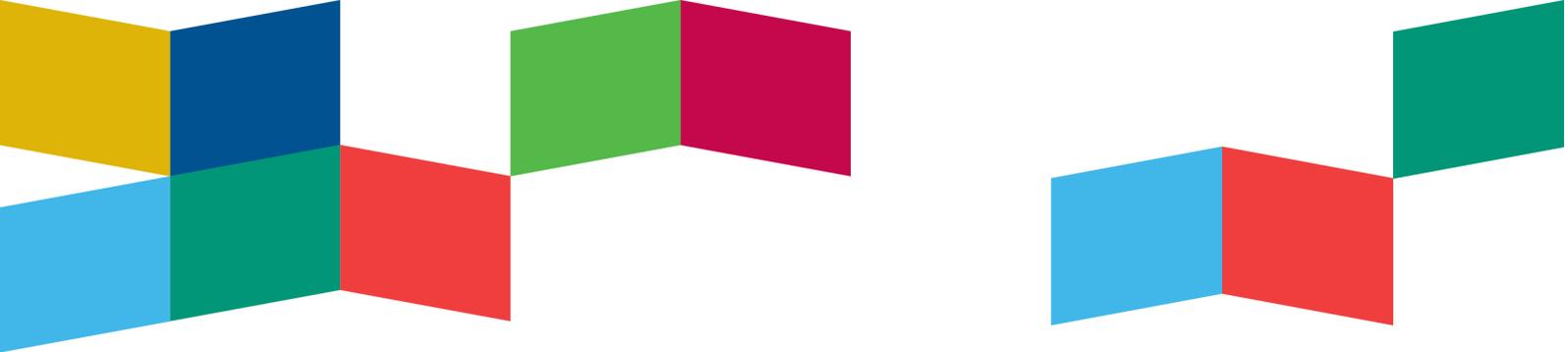
The critical issues and recommendations identified above are presented in the context of the priorities for the **2020-21 budget**.

ACA commits this updated Federal Budget 2020-21 submission for your consideration. We are committed to ensuring **every child in Australia** has access to high quality, affordable and sustainable early learning services, and therefore the **best start in life**.

Paul Mondo
ACA President



² 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>



Child Care Subsidy: Affordability & why our most vulnerable children need support

THE ISSUES

Supporting families in the COVID-19 climate

The shocking impact of COVID-19 on the Australian economy has brought to the fore the pivotal role that the early learning sector plays in supporting Australia's workforce participation. If our services had collapsed; one third of the Australian emergency and healthcare workers would have been forced home to care for otherwise healthy young children. Many vulnerable children would have been put at great risk as they are, sadly, often safer in our centres than at home.

At the same time, never has it been more important to celebrate the evidence-based positive and important long-term outcomes for those children attending high-quality Early Childhood Education and Care (ECEC).³

These critical functions are not mutually exclusive, and ACA is keen to ensure that Australia's policy settings equally recognise the tremendous importance of the developmental outcomes of high quality ECEC alongside the significant workforce participation outcomes.

Under the Child Care Subsidy (CCS) system, the activity test was designed as a lever, to ensure that the CCS rewarded workforce participation. It is in this context, that under the current arrangement, a portion of Australia's young children do not qualify for a **minimum level of subsidised access** due to their family's work/life situation. Many vulnerable families may not meet the activity test, which significantly reduces their capacity to afford early learning services. This will now be exacerbated by the shock employment & economic downturn facing many Australian families. Some will recover. Many will not.

Transition challenges

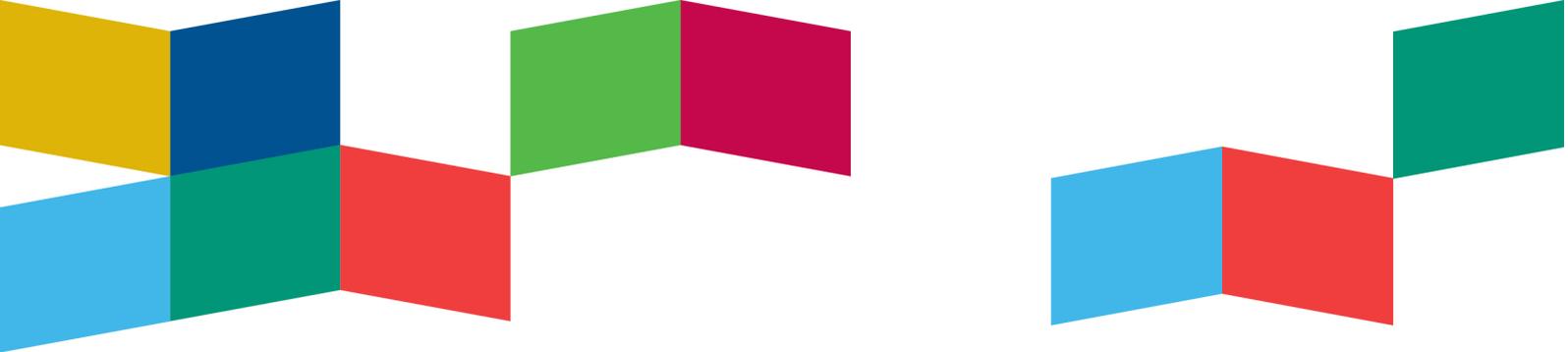
The ECEC Relief Package provided much needed relief to early learning services along with “free childcare” to prioritised families. However, the much-awaited Transition to the CCS brought its own challenges, with Australia's unemployment rate increasing from 5.2% in January 2020 to 7.4% in June 2020⁴.

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 ABS Statistics - 6202.0 - Labour Force, Australia, Jun 2020 -

<https://www.abs.gov.au/ausstats/abs@.nsf/7d12b0f6763c78caca257061001cc588/a8e6e58c3550090eca2582ce00152>



ACA acknowledges the additional support for eligible families doing less activity due to COVID-19. These parents can now access 100 hours of subsidised care per child per fortnight until 4 October 2020. While this provision has allowed those impacted families to maintain the same level of access until October, there is no guarantee that these families will have resumed their previous levels of activity by then.

There is a real risk that many of these families will join the cohort of families who were falling through the cracks pre-COVID-19. It is these vulnerable children who are most in need of high-quality early childhood education and care. ACA's ongoing recommendation has been to allow all children 18 hours of subsidised access per week, regardless of their parents' activities, and we continue to support this position. In the context of COVID-19, we recommend that the activity test exemption remains in place at least until the end of the financial year.

Additionally, ACA has concerns about those families subject to the \$10,373 annual cap on CCS per child. As service providers in Victoria can now continue to receive the CCS, with permission to waive the gap fee when families are absent for COVID-19-related reasons under Stage 3 and 4 Restrictions, these CCS amounts are being counted towards the family's CCS annual cap. Many of these families will be approaching or have already reached their annual CCS cap for COVID-19 reasons without having received the benefit of attendance. ACA would be deeply concerned if families renounced opportunities for additional employment due to reaching their CCS annual cap, therefore reducing their contribution to the economy and their taxable income.

Removing the CCS annual cap and extending the activity test exemption until the end of the financial year would ensure that those families who want to work more would not be disadvantaged with increased costs beyond the cap. It is a short-term measure with long-term benefits to families and the economy.

Ongoing difficulties of accessibility and affordability for families

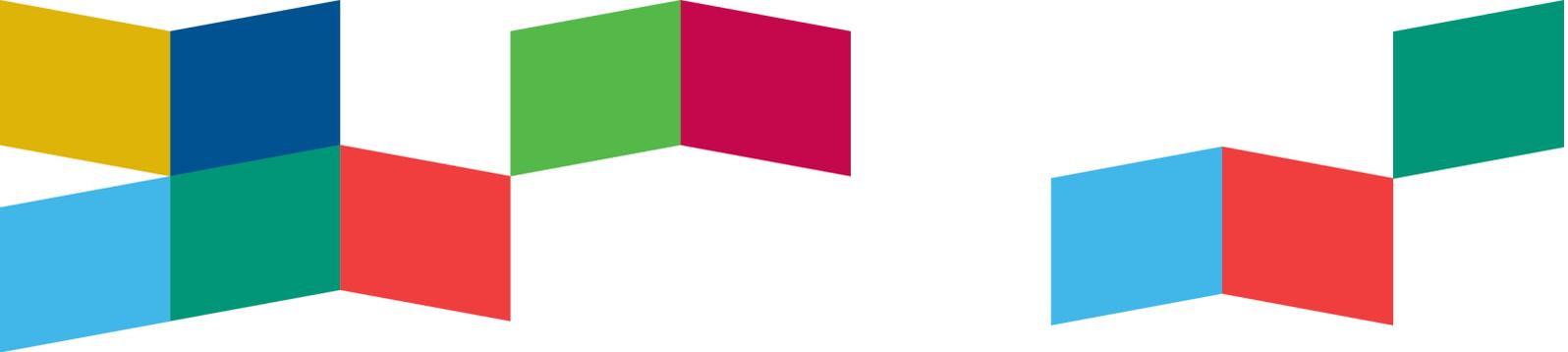
The activity test has always been difficult for families to navigate and is unnecessarily complex, particularly for those families with varying work hours per fortnight, along with those not proficient in English.

Furthermore, accessing additional support via the Additional Child Care Subsidy (ACCS) Temporary Financial Hardship mechanisms is notoriously difficult due to the current constraints in the system and the way in which they are administered by Services Australia. Families are required to apply for this financial support via Centrelink (Services Australia), which is a long, drawn out process at a time of heightened trauma and anxiety. This creates a further barrier to families in need, at a time when Services Australia's resources are already stretched beyond capacity.

We acknowledge that the Government has put measures in place via Services Australia to streamline this process and hope that these measures effectively support those families in need.

ACA believes that with expected record levels of unemployment, the ACCS Transition to Work category should serve a prominent role for those families returning to the workforce. Lifting the household income threshold for qualification would target and support families through the arduous financial and emotional process of looking for and attaining new employment, while giving their households a chance to fully recover

[250!OpenDocument#:~:text=Australia's%20seasonally%20adjusted%20estimate%20of,points%20\(pts\)%20to%207.4%25%3B](#)



from the sudden impact of COVID-19. ACA recommends that ACCS Transition to Work is promoted more widely to ensure this highly valuable support is more widely utilised across the community as Australian families return to work through the economic recovery of COVID-19.

Meanwhile the existing application process for the ACCS (child wellbeing) funding is also onerous in terms of the level of evidence required.

We would, therefore, like to see amendments to the application process that reduces the burden of providing evidence for vulnerable families. Pressure would be further reduced on families, providers and state based agencies, if a service provider could simply provide a letter from a General Practitioner (GP) or psychologist as evidence for a certificate and subsequent 26 week access for newly vulnerable children and their families.

In terms of evidence of barriers to access (according to Mr Richard Weston, Chief Executive of Aboriginal and Torres Strait Islander children's advocacy body SNAICC), many Indigenous community services reported increased enrolment during the "free childcare" period, with vulnerable & disadvantaged children attending for more hours and some families accessing early learning and care for the first time⁵. This is a trend we need to support in the interests of these children and for the communities in which they live.

We also know from our ACA member feedback, that families from disadvantaged and vulnerable backgrounds were able to access more days under this temporary access model. ACA would therefore support a low-cost model for these specific cohorts, focusing on families who do not fit the category of Additional Child Care Subsidy (ACCS) Child Wellbeing, but are indeed disadvantaged.

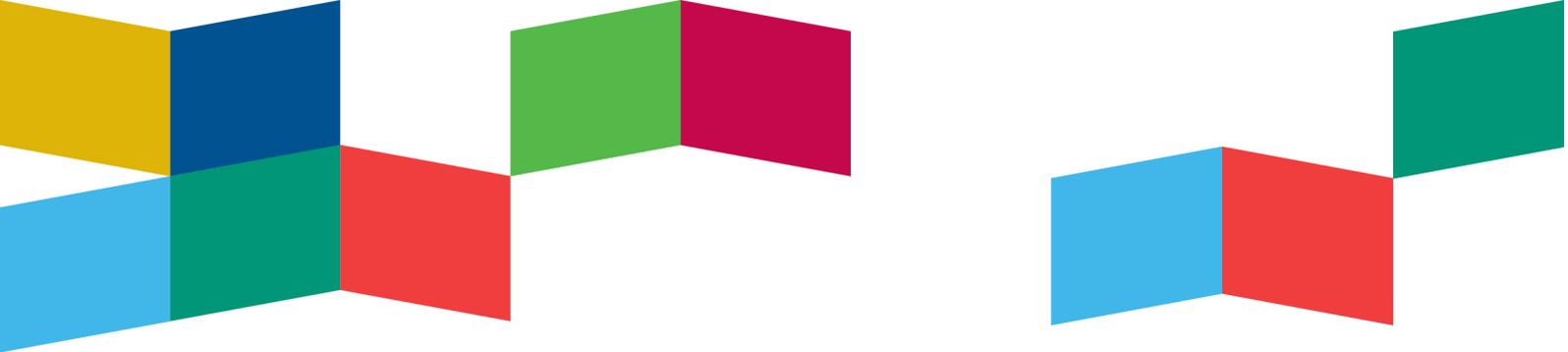
Provision of back-payments to families - not service providers

Since the inception of the CCS, service providers have experienced problems regarding which party receives back-payments in those instances where there has been a delay in the processing of a CCS application. Until the CCS claim has been processed, service providers find themselves in the difficult position of having to charge full fees to these families, who are often returning to the workforce and may not be able to meet the significant cost of full fees, particularly without having received their first salary payment. In this scenario, service providers often provide some payment flexibility for these new families, despite the eventual CCS back-payments being paid to the family, rather than to the service provider.

The unintended consequence of this payment process is that the service providers are left substantially out of pocket, with no choice but to recover this amount directly from the family. Should the family fail to pay, the service provider has very little recourse to recover the debt. The eventual consequence is that service providers are unlikely to assist in similar circumstances in the future, excluding vulnerable & disadvantaged children from access to quality early learning services when they need it the most.

This is particularly pertinent in situations where an ACCS Child Wellbeing application is made in conjunction with a new CCS claim by the family. If the CCS claim is not processed prior to the commencement of that child, services are left in a situation where once both CCS and ACCS have been approved, the CCS is paid directly to the family, while the ACCS is paid to the service. Recovering this money from vulnerable

⁵ 'They are thriving': Free childcare boosted access for disadvantaged and Indigenous kids, Sydney Morning Herald, 12th June 2020 - <https://www.smh.com.au/politics/federal/they-are-thriving-free-childcare-boosted-access-for-disadvantaged-and-indigenous-kids-20200611-p551ne.html>



families is extremely difficult, and the only failsafe option for a provider would be to charge them the full fee until the approvals are in place. This situation does not work in the best interests of the children who need ECEC the most and can have the opposite effect of discouraging participation for this vulnerable cohort.

Responding to periods of local emergency (COVID-19 or otherwise)

In the context of the current situation in Victoria, with Melbourne and regional Victoria experiencing Stage 3 and 4 Restrictions respectively, we greatly appreciated the Australian Government's timely announcement to provide additional support to Victorian service providers. We acknowledge the speed at which these new policy settings were introduced and the support they provide at ensuring the viability of the sector and the employment of our highly valued educators.

This support included an additional 30 days of absences, continuing to pay CCS for all non-attending families and allowing waiving of gap fees and for Melbourne service providers a 5% increase to the Transition Payment during the Stage 4 Restrictions along with increased support for services for which the CCS makes up less than 50% of revenue.

We ask that these policy settings be mirrored in other parts of Australia, should the other geographic areas experience a subsequent wave of COVID-19 with the related Stage 3 Restrictions, a 25% payment consistent with the Transition Payment should be made for the duration.

We would also recommend a **new category** within ACCS (child wellbeing) which would allow the Department of Education, Skills & Employment (DESE) to respond immediately and efficiently to local emergencies such as bushfires, floods or other relevant circumstances in a targeted way. The funding could last for a set period, commensurate with the nature of the emergency, and be triggered by the service provider through the CCS System.

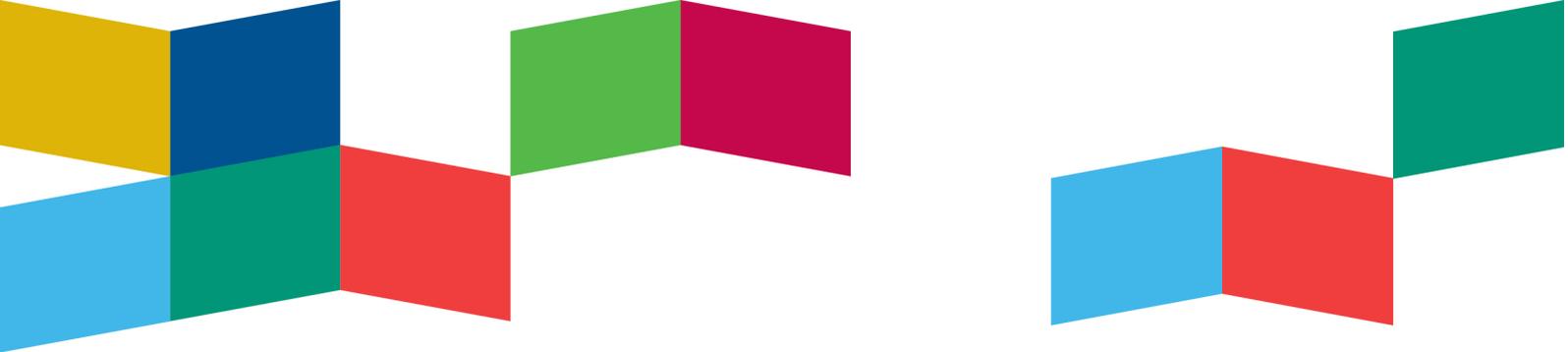
This new category would prevent the need for affected families to contact Services Australia to access emergency funding support, while at the same time relieving the administrative burden on Services Australia.

ACA believes that every child in Australia should have access to high quality, affordable and sustainable early learning services and therefore the best start in life. This includes those children from **vulnerable and disadvantaged** backgrounds.

Ongoing transition support for our sector and workforce

With transition payments due to expire at the end of September the question of ongoing support for providers and their employees becomes relevant. ACA takes great confidence that in many parts of the country occupancy has returned to pre-Covid19 levels and therefore service viability and employment outcomes remain strong. We have learnt through the pandemic that circumstances can change and evolve rapidly and acknowledge the Government commitment to continue JobKeeper for the broader economy beyond September 2020, albeit with the obligation for those organisations to have to reassess their eligibility for the September and December quarters for the payments to continue with payments tapering accordingly.

ACA recommends the same principal be applied to the ECEC sector with services whose revenue meets the reduced income test receiving a 20% Transition payment from October to December 2020 and a 10%



payment from January to March 2021. This would ensure ongoing support for the services who continue to feel the impact of Covid-19 on their organisations which is likely to be magnified in Victoria as the recovery from the current Stage 4 restrictions mean continuing uncertainty for the ECEC sector.

SOLUTIONS

We call on the Australian Government to:

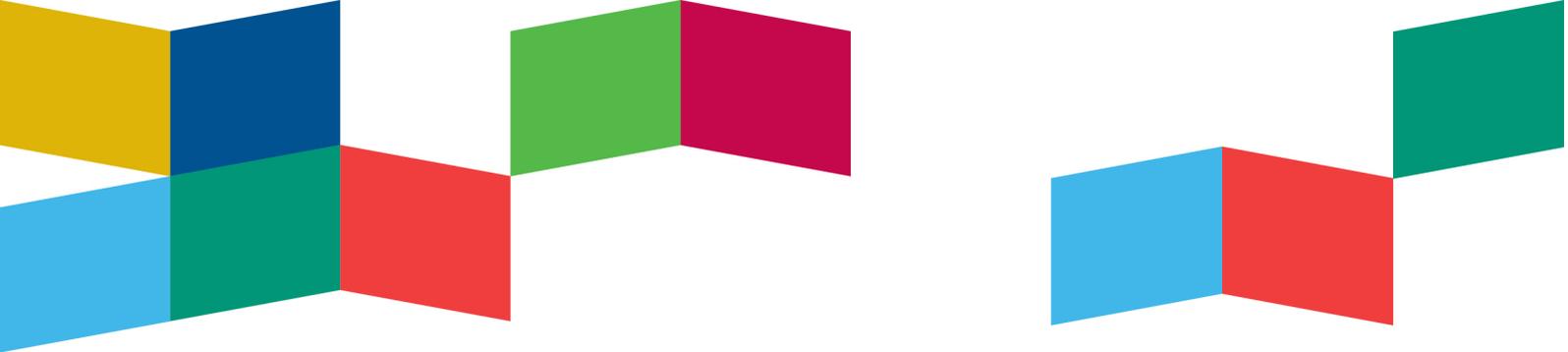
Family focussed

- Amend the CCS activity test to support all Australian children, allowing all families access to at least 18 hours a week of subsidised high quality, affordable early learning services.
- Extend the COVID-19-related activity test exemption until the end of this financial year.
- Remove CCS annual cap for the 2021 financial year.
- Introduce a low cost model for disadvantaged and vulnerable families that doesn't involve the stigma and legal implications of the Additional Child Care Subsidy (ACCS) (Child Wellbeing).
- Allow for more flexibility for ACCS (child wellbeing) to reduce the burden of providing evidence for vulnerable families.
- Ensure that the assessment of ACCS Temporary Financial Hardship applications is realistic, attainable and timely for those who need it.
- Introduce 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.
- Ensure that the ACCS Transition to Work funding support applies to families with an income up to \$100,000 p.a. and is more widely promoted to those who qualify.
- Provide more support for families from Culturally and Linguistically Diverse (CALD) backgrounds to navigate the complex CCS application process.

Service provider focussed

- Apply the current policy settings currently in place for Victoria to other geographic areas as needed, should further stage 3 & 4 Restrictions eventuate.
- Apply tapered transition payments for services who remain eligible after re-assessing revenue
- Provide funding to allow for an IT solution that ensures subsidies flow directly to services on behalf of families as recommended by the Productivity Commission⁶.

⁶ <https://www.pc.gov.au/inquiries/completed/childcare#report>



BENEFIT TO FAMILIES AND TAXPAYERS

- Continuity of access to early learning services for children whose parents' lives and workforce participation have been impacted by COVID-19.
- Increased participation of children from disadvantaged and vulnerable backgrounds.
- Parents would have the choice of early learning service type that **best suits and supports their work/family life needs**.
- Families would have a much **simpler, easier process** to access **immediate** subsidised early learning services.
- **All Australian children**, including children from **vulnerable and disadvantaged families**, along with those affected by the COVID-19 climate, would have greater access to high quality affordable early learning services, which have been proven to deliver greater outcomes both when they enter the school system as well as later in life.⁷

BENEFIT TO GOVERNMENT

- In the context of COVID-19, the early learning sector would be able to fulfil its pivotal role in supporting Australia's economic recovery - the more affordable ECEC services are, the greater the contribution to the Australian economy from parents of young children.
- This approach would be a highly effective spend of taxpayers' dollars, with long term capital savings through a lower spend on human services by Government in the future:
 - Research has shown that by investing in quality early childhood education, children have better education, health and employment outcomes throughout their lives⁸. For every dollar invested now, Australia receives \$2 back over a child's life⁹.
- 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 analyses¹⁰.
- Providing all children with a minimum level of access would reduce complexity in the system, making it easier and less expensive to administer by Services Australia (Centrelink).
- The provision of a **simpler, easier process** for families would translate to far less administration for Services Australia (Centrelink), creating substantial operational cost savings.

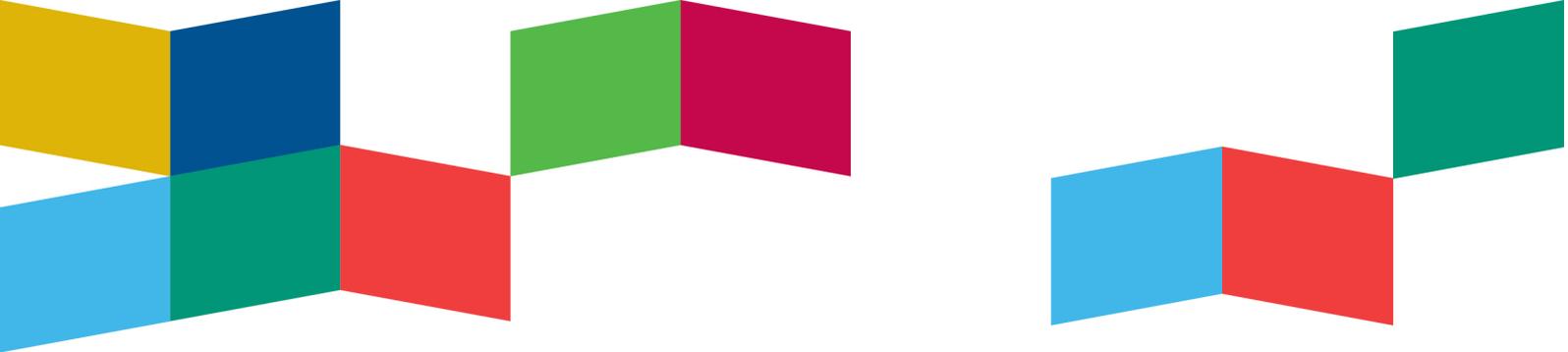
⁷ <https://www.thefrontproject.org.au/the-evidence>

⁸ <https://www.thefrontproject.org.au/the-evidence>

⁹ 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

¹⁰ The Heckman Equation - <https://heckmanequation.org/resource/research-summary-lifecycle-benefits-influential-early-childhood-program/>



Investment in Australia's ECEC workforce

THE ISSUE

Australia's Early Childhood Education and Care (ECEC) sector is facing a recruitment crisis: there is a **critical shortage** of qualified, competent candidates for positions of early childhood educators and Early Childhood Teachers, and early learning (childcare) services are struggling to fill these roles.

This problem was recently highlighted by the National Skills Commissioner, via the Jobs in Demand Survey Dashboard as at 3 July 2020¹¹. A sample size of over 2,400 employers confirmed that ECEC-related occupations and skills remain in strong demand and were difficult to recruit for in the period under review:

- ECEC workers were the third most in demand occupation in the period;
- ECEC workers were the second most difficult occupation to recruit; and
- Assisting and caring for others was the third most in demand technical skill required by respondents.

These recent findings confirm ACA's understanding of this critical issue.

The Department of Education, Skills and Employment (DESE) predicts that Australia will need around 49,000 Early Childhood Teachers by 2023. Recent modelling indicates that one third of all preschools may lack a qualified teacher in the next four years if nothing changes¹².

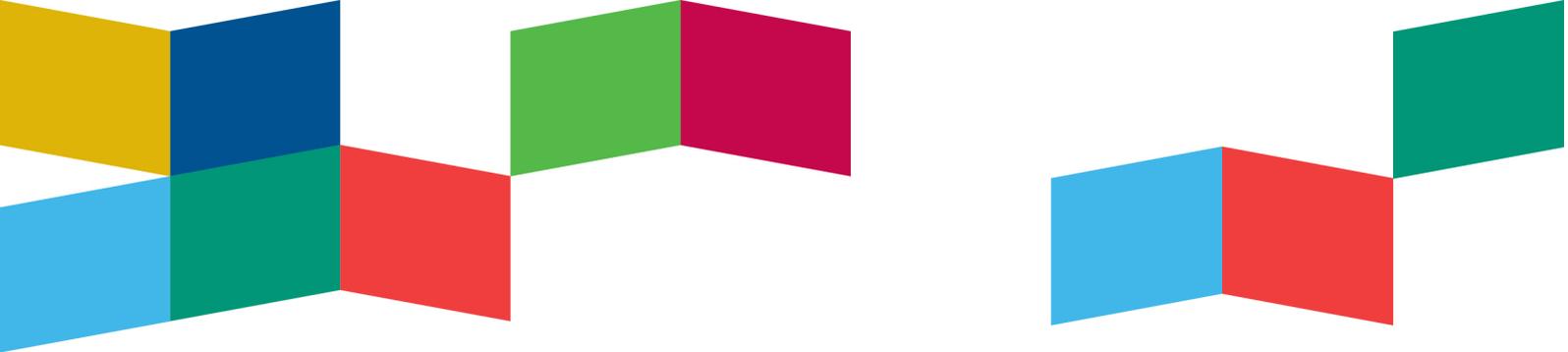
Our sector has been experiencing workforce shortages since the introduction of the National Quality Framework (NQF) in 2012, which increased minimum qualification levels and created an urgent need to employ a higher number of early childhood educators and university qualified early childhood teachers.

The situation has been further amplified 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.

The current COVID-19 climate has not helped the recruitment crisis, with many experienced educators in the older age cohorts leaving the sector due to feeling at a high risk of not recovering in the event of contracting the virus. Meanwhile, service providers have been focussing on the immediate challenges that

¹¹ Jobs In Demand - Dashboard as at 3 July - <https://www.nationalskillscommission.gov.au/resource-centre/latest-data>

¹² "One-third of all preschool centres could be without a trained teacher in four years, if we do nothing", The Conversation article, Author - Megan O'Connell, Honorary Senior Fellow, University of Melbourne - <https://theconversation.com/one-third-of-all-preschool-centres-could-be-without-a-trained-teacher-in-four-years-if-we-do-nothing-120099>



the nation-wide restrictions brought about in March, leaving them little time or resources to focus on professional development.

While Melbourne and Victoria are currently operating in Stage 4 and 3 Restrictions respectively, the rest of Australia has started the process of rebuilding the economy, bringing these workforce issues again to the fore. Even in a time of record high unemployment, the early learning sector is struggling to find appropriately qualified, job-ready candidates.

ECEC qualification levels

The two relevant vocational training qualifications in the early learning sector are the CHC30113 Certificate III in Early Childhood Education and Care and CHC50113 Diploma of Early Childhood Education and Care.

Early learning services generally employ a team of staff which includes early childhood educators (Cert III and/or Diploma-qualified) and Early Childhood Teachers (degree-qualified).

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

ACA recommends addressing this critical issue through funding streams to **all three qualification levels** to:

- ensure that courses are adequately resourced to meet the sector's training requirements; and
- create pathways to sector employment by incentivising Australians on JobSeeker to enrol in Cert III and/or Diploma courses; and
- provide a pathway for existing Cert III and Diploma-qualified employees to upskill to a Teaching Degree and become ECTs.

We acknowledge and applaud the Federal Government's Australian Apprenticeships Incentives Program (AAIP) (soon to be rebadged the Incentives for Australian Apprenticeships (IAA)), which provides subsidies to employers to take on trainees/apprentices, including the ECEC sector. Further promotion of this program to ECEC service providers would encourage greater sector participation of apprenticeships and traineeships.

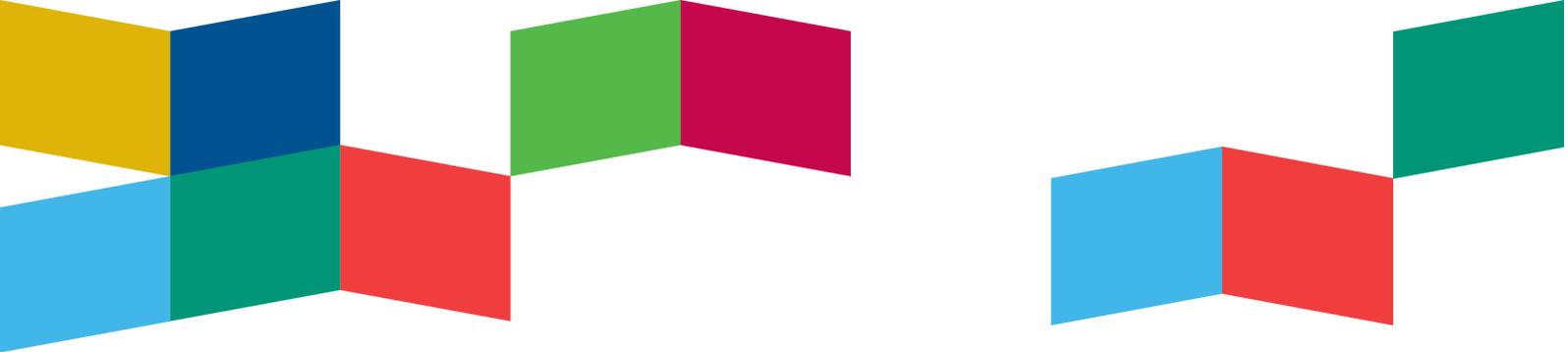
This would strengthen the ECEC workforce and help stabilise the sector. This would also support the Australian Government's aim of providing employment opportunities for many Australians at a time of high unemployment.

We believe the provision of additional Federal Government funding, coupled with state-based funded traineeships and apprenticeships, could make these courses more affordable and accessible, while minimising HECS/HELP debt, therefore encouraging more students to complete the qualifications.

ACA acknowledges the recent announcement of Australian Government funding to effectively decrease the HECS/HELP debt for a teaching degree by approximately 60%. We would strongly recommend building on this program by offering to waive the full HECS fee for those vocationally trained early childhood educators, to further strengthen the pathway for existing staff to become Early Childhood Teachers.

Quality of graduates

ACA believes that apprenticeships and traineeships are the best model to ensure that **entry-level** graduates are job-ready and understand the practical elements of the role as an early childhood educator, as they offer far greater on-the-job experience than standard voluntary placement hours, allowing students to put



their learning into practice while in paid employment for the duration of the course. This model also provides appropriate incentives for employers, through the Australian Apprenticeships Incentives Program (AAIP), which will in January become the Incentives for Australian Apprenticeships (IAA).

However, ACA believes the government funding of RTOs to deliver early childhood vocational education is **insufficient** to support quality outcomes required against the Australian Skills Quality Authority (ASQA), state/territory regulatory requirements and training package requirements.

We would like to see greater funding to meet the requirements of the mandated course load, which is substantially higher than most other certificate and diploma level courses.

Volume of graduates

In terms of Early Childhood Teachers (ie. university degree-qualified candidates), a new hurdle is the LANTITE literacy & numeracy test, which students are required to pass before graduating. This test is extremely challenging for anyone and therefore candidates regularly fail, preventing them from entering the workforce.

Opportunity to trial working in the sector before committing to vocational study

There are inconsistencies across the states/territories in terms of qualification requirements and employees being counted under the educators-to-children ratios. For example, in South Australia, the State Government has allowed for a three-month exemption, prior to the need for employees to be enrolled in a relevant ECEC qualification. This exemption has allowed jobseekers to trial working in the early learning sector, before committing to vocational study.

By contrast, in New South Wales this exemption is not in place, resulting in unsuitable candidates dropping out of their vocational enrolments and wasting resources both at the service provider level as well as at the RTO level. We would like to see this exemption applied to all state/territory regulations.

End of Transition Payment: Shortage of sick leave in the COVID-19 climate

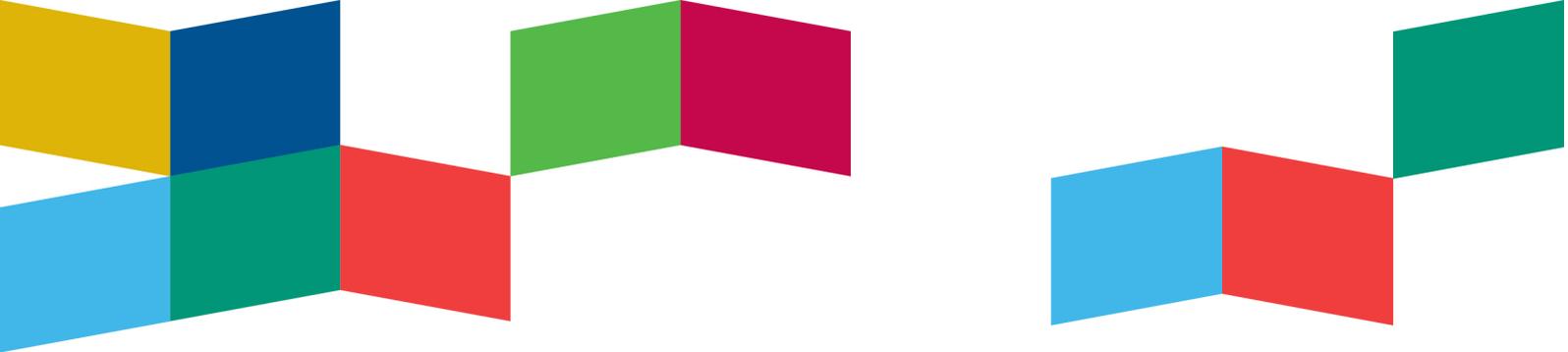
In the face of the ongoing threat of COVID-19, the state-based health and education departments have all mandated that all members of the ECEC workforce in Australia must get tested for COVID-19 and self-isolate at the first sign of cold/flu symptoms.

This health requirement, albeit necessary, has meant that ECEC employees experiencing mild symptoms such as allergies (runny noses, sneezing, etc) or non-COVID-19 colds or other issues, have been required to take personal/carer's leave to get tested and wait for the results, therefore using up their personal/carer's leave at an unusually accelerated pace.

Many employees have now used up their sick leave and annual leave entitlements, with casual employees not able to be paid for work absences.

ACA is concerned that at the end of the Transition Payment period, many employees will face the quandary of being told to isolate while waiting for COVID-19 test results, with no sick leave remaining.

This scenario may place the Australian community at a **greater risk** of unprotected transmission of COVID-19, with employees opting to hide symptoms where possible rather than get tested and miss out on their usual pay levels.



ACA believes that the Federal Government could further support the sector and these health requirements, by funding additional paid personal/carers' leave for COVID-19-related issues.

We acknowledge and greatly appreciate the Federal Government's \$1,500 "disaster payment" which is now available for Victorian workers (under Stage 4 Restrictions) who are required to self-isolate because of coronavirus but do not have leave entitlements. However, it is our understanding that this payment is only for Victorians, and only for those in close contact with a confirmed case.

Additionally, the Victorian Government has announced a \$400 daily payment for people who have to self-isolate and therefore cannot work while waiting for a COVID-19 test result. This is a vital support mechanism to ensure that personal financial circumstances do not prevent Victorians from taking the appropriate and extremely necessary health precautions of getting tested.

Allowing all Australian employees to stay home when unwell without sacrificing their usual pay, would act as a preventative measure against the potential spread of COVID-19. Sadly, this issue has been a critical factor in the spread of the pandemic among the aged care sector in Victoria.

We therefore recommend a funding mechanism that ensures that no state or territory misses out on this important support.

As ECEC services cannot be outsourced or off shored, an investment in Australia's early learning workforce is a long-term, solid investment in Australia's future employment, and a stable economy.

SOLUTION

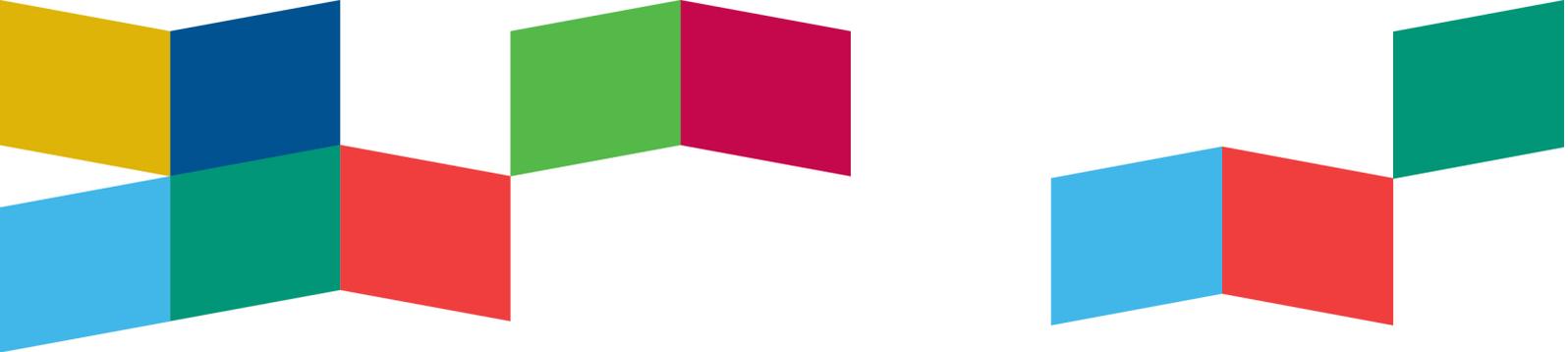
We call on the Australian Government to:

- 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.
- To provide HECS/HELP relief for diploma trained ECEs who choose to upskill to an Early Childhood Teaching Degree.
- Create incentives for Australians on JobSeeker to take on ECEC courses and to become job-ready candidates,
 - We also recommend that each jurisdiction provides an exemption period of three months prior to the need for enrolment in a relevant ECEC qualification.
- Allocate funding to allow for additional paid personal/carers leave for COVID-related reasons, for the ECEC workforce.

BENEFIT TO FAMILIES AND TAXPAYERS

Families would benefit through:

- The ongoing provision of high-quality early learning services in their local area, resulting from the pool of skilled ECEC sector job candidates.
- A long term, stable sector with ample capacity to educate children and support families.



BENEFIT TO GOVERNMENT

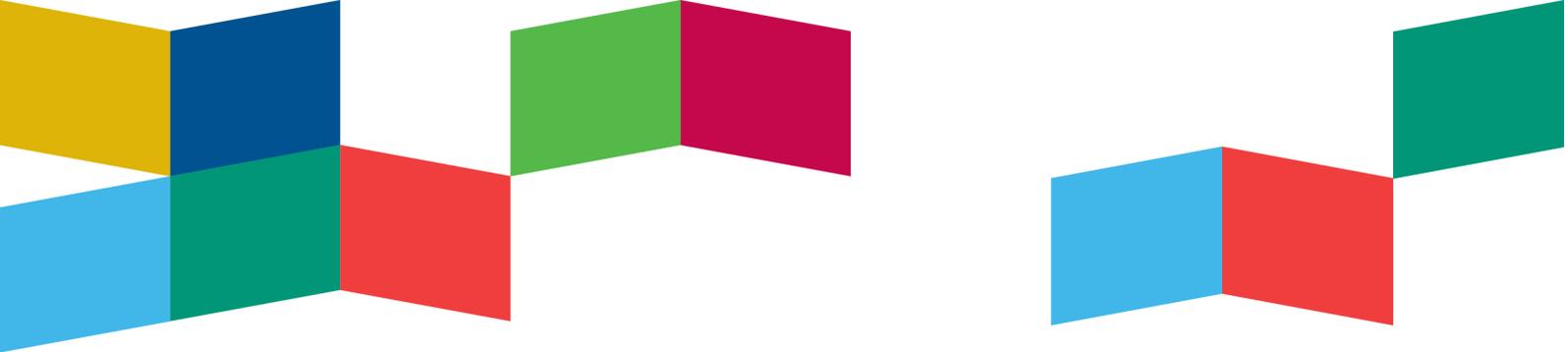
Short term

- Funding support for ECEC vocational education would mobilise the underutilised workforce while the economy is in hiatus.

Long term

Funding support for ECEC vocational education would:

- Produce a stable, reliable source of high-quality, appropriately qualified candidates for the early learning sector - the bedrock of Australia's economy.
- Stimulate the tertiary education sector with an ongoing supply of incoming students



Greater alignment of the provision of early learning services to support demonstrable need

THE ISSUE

Oversupply has become 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 early learning services in certain geographic areas has led to many services experiencing lower occupancy rates, impacting the level of quality provided and the affordability to families.

A 2018 report¹³ commissioned by the Australian Childcare Alliance (ACA), the Early Learning and Care Council of Australia (ELACCA) and Australian Community Children's Services (ACCS) revealed that the net increase in long day care centres in 2017 was roughly 2-3 times the estimated number of new centres needed per annum to meet future demand.

This is an alarming statistic - if the same growth continues in the coming years, there is likely to be an enormous impact on the quality of services and the viability of all early learning services, resulting in an increase in Government spending.

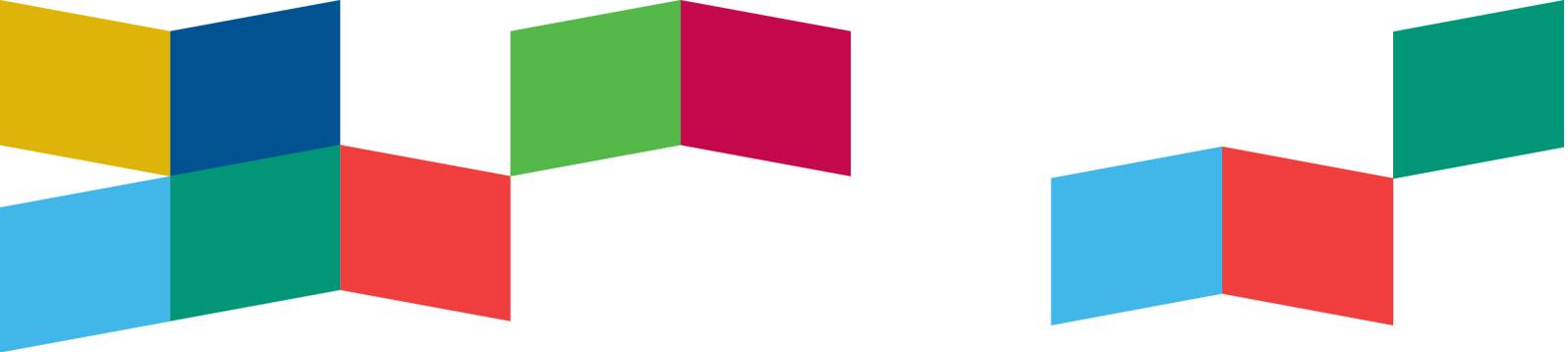
Planning data¹⁴ predicts that there are currently over 1,000 new centres in the pipeline around the nation, which, if completed, could deliver another 90,000 childcare places in an already flooded market. While we know that there are still some locations where demand outstrips supply, it is important for decision makers to be able to identify these few areas in need and understand how these particular communities can be better supported to supply the needs in that space, whether metropolitan or rural.

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

The early learning sector operates under a unique set of circumstances - families are subsidised by the Australian Government, while service operation includes a high level of fixed costs (wages, rent and mortgages). As a result, fees are relatively inelastic, and typically do not decrease with increased supply and competition.

¹³ Occupancy and Performance Appraisal: Early Childhood Education and Care Sector Report, <https://childcarealliance.org.au/aca-surveys/occupancy-report>

¹⁴ According to data sourced from Cordell Connect - <https://www.corelogic.com.au/products>.



ACA strongly believes that in this context, early learning services should only 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.

The Federal Department of Education receives vacancy reports weekly from all service providers and this information could prove highly valuable for informing the market as to areas of need, to ensure responsible and targeted new developments. The Department of Education has informed ACA that it cannot produce aggregated occupancy data reports because the Child Care Subsidy IT System has not been designed for this purpose.

SOLUTION

We call on the Australian Government to:

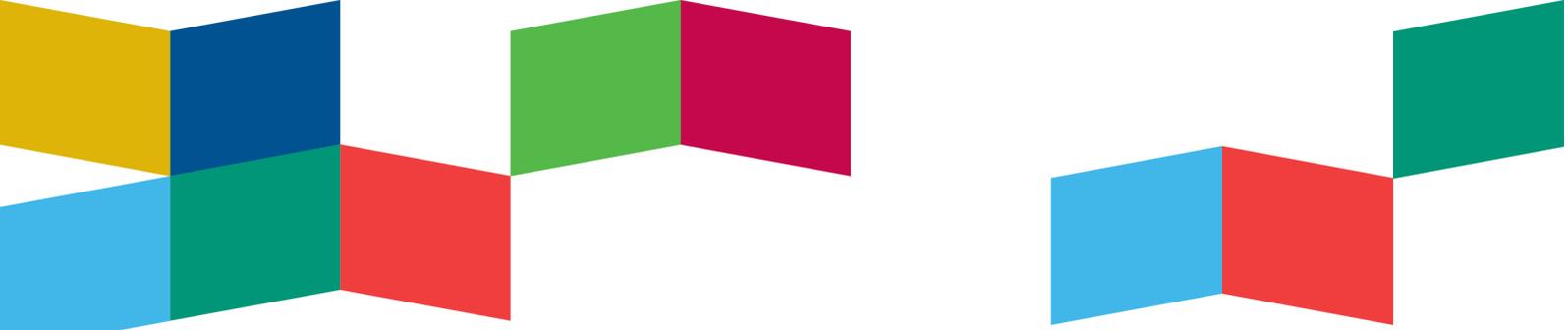
- Allocate funding to allow for the development of aggregated occupancy reports published quarterly via clusters of postcodes or state electorates across Australia. Such reports would be invaluable to advise the market as to where oversupply and undersupply exist and therefore allow for careful town planning; and
- Consider the application of legislation similar in concept to the Pharmacy Location Rules in the context of ensuring the provision of ongoing affordable, high quality early learning services to all Australian children by better aligning service provision to demonstrable need.

BENEFIT TO FAMILIES AND TAXPAYERS

- Families would benefit through the ongoing viability, high quality and affordability of early learning services in their local area.

BENEFIT TO GOVERNMENT

- The ongoing viability, high quality and affordability of early learning services Australia-wide would ultimately prevent further Government spend on developing unnecessary infrastructure in certain geographic areas.



Preschool (Kindergarten) education: A better future with earlier participation & equitable outcomes

THE ISSUES

Lack of certainty of funding

Under the Universal Access National Partnership (UANP) Agreement, the Australian Government provides funding to give all Australian children access to 15 hours per week of a quality preschool (kindergarten) program **in the year before school** (ie. for FOUR-YEAR-OLD children), which remains voluntary in Australia.

In addition to the funding dedicated to this initiative in previous financial years, the Australian Government has committed \$452.3 million to extend the National Partnership on Universal Access to Early Childhood Education until the end of 2021.

As identified in the Key Points of the recent UANP Review: Final Review Report¹⁵ commissioned by the Department of Education, Skills & Employment (DESE), over a period of ten years, the UANP funding has precipitated a significant increase in participation in quality preschool (kindergarten) by children in the year before school. While the number of children enrolled has increased significantly, the proportion enrolled for the target of 600 hours has also increased from 12% in 2008 to 96% in 2018.

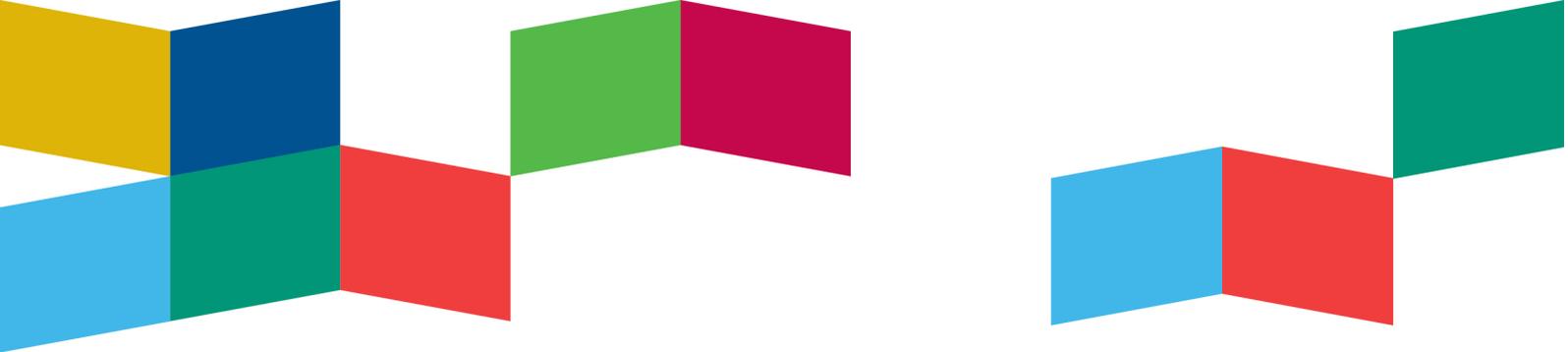
This is a **tremendous** outcome for Australian children, with the potential to have a profound and lasting impact on the youngest and most vulnerable Australians and their families.

There is a large international evidence base that demonstrates quality early childhood education makes a significant difference to life outcomes such as improving school readiness and performance at school¹⁶, the benefits of high quality preschool (kindergarten) programs are now well recognised and acknowledged locally and globally.

While the Australian Government's extension of funding support to the end of 2021 is highly commended and greatly appreciated by the early learning sector, particularly in the context of dealing with the ongoing impacts of COVID-19, we would like to see a **long term commitment** to this funding, to ensure ongoing stability for families and their children in accessing high-quality preschool services in the year before school.

¹⁵ UANP Review: Final Review Report - <http://www.educationcouncil.edu.au/EC-Reports-and-Publications.aspx>

¹⁶ 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>



The findings of the UANP Review: Final Review Report¹⁷ have reinforced ACA's views that a long-term funding model is vital for the ongoing success of Australia's early learning program.

Governments should enter into a new five-year National Partnership from 2021 to 2025, and transition to a National Agreement from 2026 onwards.

The uncertainty associated with short-term agreements and performance-based payments has compromised the ability to plan and invest for the long term. - UNAP Review recommendation #6.

Unequitable distribution model

Despite this laudable funding support from the Australian Government, the Universal Access funding model is seriously flawed, resulting in a lack of national uniformity of funding.

Since the inception of the agreement in November 2008 via the Council of Australian Governments (COAG), each State/Territory Government has taken a different approach to implementation, producing grossly inequitable outcomes for children, families and service providers across the country. For example, services in New South Wales and Western Australia receive very little or no funding as a result of state government intervention in the distribution of Universal Access funding.

Our children deserve more.

Additionally, parents **must** have a choice of early learning service type that best suits their work/family life needs, while also achieving affordability and educational outcomes.

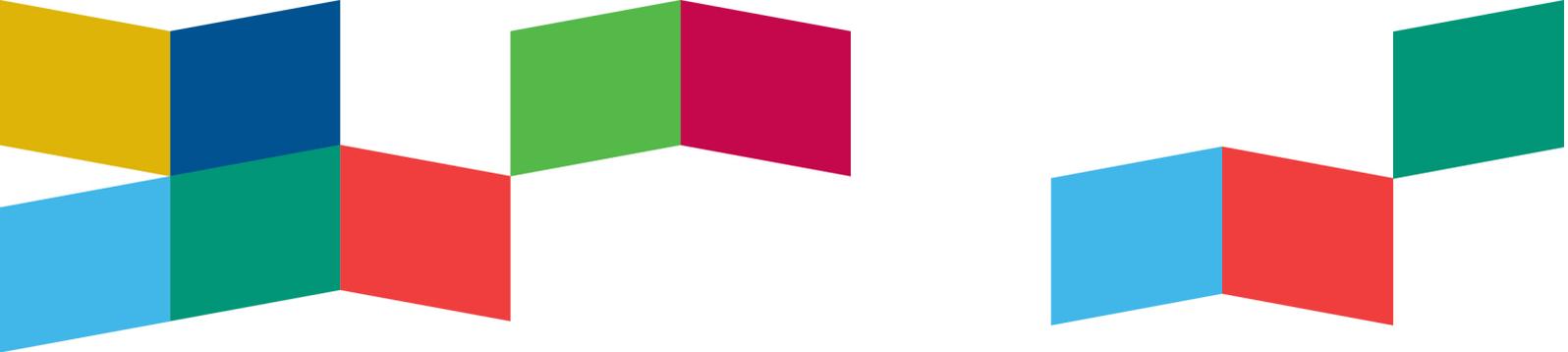
Australia currently has over 10,000 early learning services delivering preschool (kindergarten) programs nation-wide, with over 60% (over 6,800 services) of these programs being delivered by long day care centres¹⁸ (non-government centre-based day services).

ACA believes that co-locating early childhood education programs on school sites, which takes place in Western Australia, as a result of Western Australia Government policy, **puts the needs of the children aged 0-5 years last** by limiting and decreasing the quality of play-based education and care in these environments.

Early learning (centre based, long day care) should be recognised consistently Australia-wide as the key provider of early childhood education in the year before school.

¹⁷ UANP Review: Final Review Report - <http://www.educationcouncil.edu.au/EC-Reports-and-Publications.aspx>

¹⁸ Report on Government Services 2018, PART B, CHAPTER 3, Early childhood education and care, <https://www.pc.gov.au/research/ongoing/report-on-governmentservices/2018/child-care-education-and-training/early-childhood-education-and-care>



This is because:

- Early Learning (centre based, long day care) services offer the ideal learning environment for 0-5 year olds.
- It delivers age/developmentally appropriate, tailored and culturally appropriate, physical early learning environments where children can also be bathed, have nappies changed, often provided with nutritious meals and rest/sleep.
- Early learning (centre based, long day care) is highly regulated. It is delivered under the National Quality Framework and the Early Learning Years Framework.
- Early learning (centre based, long day care) offers trained and qualified educators, both from the nurturing and education aspect.
- Our educators are professionally trained, often with degree qualified teacher(s) participating in the program and education of these children.

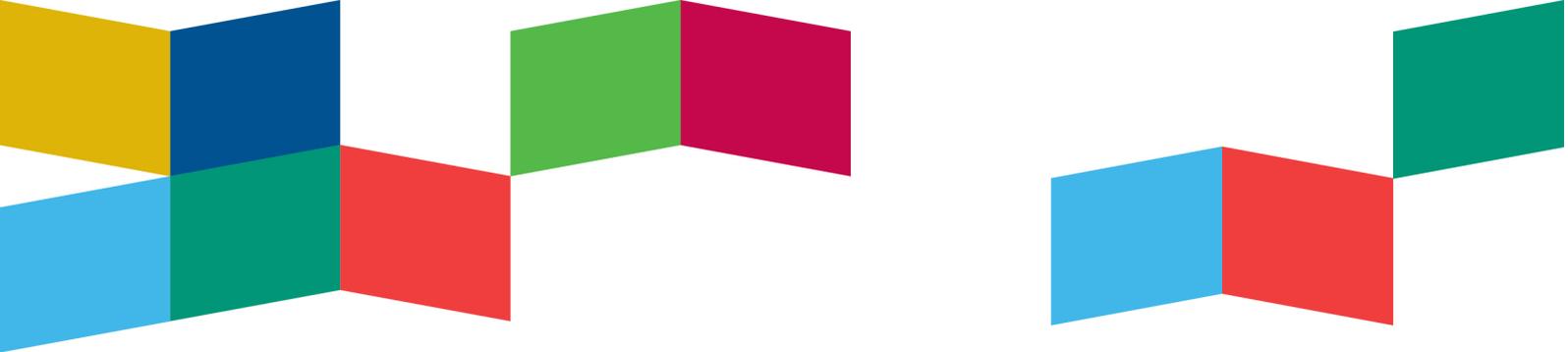
SOLUTIONS

We call on the Australian Government to:

- Commit to a 5 year funding arrangement as recommended in the UANP Review: Final Review Report¹⁹ to provide a long term, sustainable model which ensures ensure that all Australian children have access to at least 15 hours per week of a quality preschool (kindergarten) program lead by tertiary qualified early childhood teacher(s), for 40 weeks per year in the year before school **regardless of type of service.**
- Modify the existing Universal Access funding model:
 - To provide both greater certainty of funding beyond year to year agreements; and
 - Deliver equitable funding to **all** children (ie. funding that follows the child) regardless of service type or jurisdiction. This would support preschool (kindergarten) programs delivered in all settings, including centre based, long day care.
- Extend exemption of the **Child Care Subsidy activity test** for children in their year before school to children in their **two years before school.**

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

¹⁹ UANP Review: Final Review Report - <http://www.educationcouncil.edu.au/EC-Reports-and-Publications.aspx>



BENEFIT TO FAMILIES AND TAXPAYERS

- **All Australian children**, including children from **vulnerable and disadvantaged families**, would have greater access to high quality affordable early learning services in their two years before school, which has proven to deliver greater outcomes both when they enter the school system as well as later in life. They would also be more likely to have stronger mental health and increased wellbeing and less likely to be involved in the criminal justice system.²⁰
- Parents would have the choice of early learning service type that **best suits and supports their work/family life needs**.

BENEFIT TO GOVERNMENT

- This approach would be a highly effective spend of taxpayers' dollars, with long term capital savings through a lower spend on human services by Government in the future:
 - Research has shown that by investing in quality early childhood education, children have better education, health and employment outcomes throughout their lives²¹. For every dollar invested now, Australia receives \$2 back over a child's life²².
- 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 analyses²³.

²⁰ <https://www.thefrontproject.org.au/the-evidence>

²¹ <https://www.thefrontproject.org.au/the-evidence>

²² 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

²³ The Heckman Equation - <https://heckmanequation.org/resource/research-summary-lifecycle-benefits-influential-early-childhood-program/>



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