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MEDIA RELEASE

ACA calls on Australian Government to provide direct wage subsidies to early learning educators so families don't foot the bill

The Australian Childcare Alliance (ACA) today releases a report that reveals the best way to increase wages for childcare workers is a direct wage subsidy from the Federal Government, to avoid costs flowing through to families already struggling under cost-of-living pressures.

The report by Dandolo Partners, commissioned by the ACA, compared several options for administering a government-funded wage increase: increasing the hourly rate cap for families accessing the Child Care Subsidy and a direct wage subsidy.

The report analysed the funding model options across six impact areas: Administrative cost and burden; Families; ‘Leakage’ of money through the system; Service viability; Risk of fraud; and Workforce.

Overwhelmingly, the direct wage subsidy had the most positive outcomes, with no risk of out-of-pocket costs for families and better likelihood that all teachers and educators see benefit from a pay rise.

A direct wage subsidy involves additional cost and administrative requirements to develop a new system to process payments, and on early learning service providers to manage and document the subsidy. However, the report found increasing the hourly rate cap would not efficiently deliver a funded wage rise and would also lead to higher fees for families.

ACA President Paul Mondo said that the Early Childhood Education and Care (ECEC) sector needs a funded wage increase to attract and retain more workers in a highly competitive labour market amid a critical workforce shortage across the country.

“Our educators and teachers are the heart of any centre, and it is vital they are supported at work and paid fairly. But our families are also struggling under the rising cost of living pressures and cannot afford to additional out-of-pocket costs passed on to them,” he said.

As the peak body for early learning (childcare) services, whose educators care for more than 850,000 families across Australia, ACA has consistently advocated for additional government support to help attract and retain more early learning educators, as the sector faces a critical national workforce shortage.

“Our shared mission is to ensure that every child in Australia has the best start in life. There are two key factors for quality education and care to be available for every child — a workforce that is supported and paid fairly and a viable and sustainable sector,” Mr Mondo said.

ACA supports the first ever application for a supported bargaining authorisation which was lodged on 6 June and will enable a group of ACA members, the United Workers Union and Federal Government to work together in negotiations for improving wages for the Early Childhood Education and Care (ECEC) sector.

ENDS

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Australian Childcare Alliance

About the Australian Childcare Alliance

The Australian Childcare Alliance (ACA) works on behalf of early learning (long day care) service owners and operators to ensure families have an opportunity to access affordable early childhood education and care (ECEC) throughout Australia. We represent over 3,000 early learning service providers across the country.

Our national and state bodies work collaboratively with all levels of government, regulatory authorities and other stakeholders with an evidence-based approach, to ensure that families are supported into the future with a sustainable, affordable and viable ECEC sector.

ACA believes that with the right policy and financial frameworks in place, we could ensure that every child in Australia has access to high quality, affordable and sustainable early learning (childcare) services, and therefore the **best start in life**.

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