

NSW Women's Economic Opportunities Review

**Goodstart Early Learning submission
March 2022**

EXECUTIVE SUMMARY

Goodstart Early Learning (Goodstart) welcomes the Perrottet Government's commitment to increasing women's economic opportunities and making early childhood education and care (ECEC) a central priority.

As a not-for-profit social enterprise providing high-quality early childhood education and care, and as an employer of more than 16,500 women in a highly feminised industry – Goodstart strongly supports the intent of this review. Families are our primary partners at Goodstart, and we believe that mums, dads, grandparents and carers should receive the support they need so all children can thrive. However, while recognising that we have come a long way, there is still a long way to go in ensuring the long-term economic opportunities for women across NSW and Australia. In particular, having and raising children continues to put women on the 'back foot' economically and often socially, and the impacts are amplified for women facing vulnerabilities or disadvantage. We support the premise that investment and effort focused particularly on supporting mothers with young children yields short and long term economic and social returns in the national interest.

In this submission we respond to the Terms of Reference for the review and share insights and evidence from our unique perspective as the nation's largest provider of ECEC. We would welcome the opportunity to meet with the panel to discuss this submission and we'd be pleased to arrange visits to our early learning services so the panel can see high quality early learning and care in action.

We would also support the panel in ensuring the voices and perspectives of First Nations women are heard and reflected in the panel's deliberations.

Governments at all levels have invested a great deal of energy researching the structural and social barriers to women's economic participation in Australia in recent years. The challenges are well known. Australian women fare worse, on average, than women across the OECD on key economic indicators. Highly feminised industries, like Early Childhood Education and Care are undervalued but have been recognised by National Cabinet as 'essential' to economic recovery, growth and societal cohesion. A lack of access to high quality ECEC is a key barrier to women returning to work after having a baby, and ECEC affordability and accessibility are key reasons why working mothers do not take on extra hours.

The design of our tax and transfer system also means there are high effective marginal tax rates for women looking to increase their workforce participation, and while these problems impact women across the income spectrum, the effects are greatest for those with low incomes. We also know that barriers experienced by mothers usually results in barriers for children and those most likely to benefit from quality early learning are least likely to attend. The evidence from the Australian Early Years Development Census shows that children who don't attend early learning are twice as likely to be developmentally vulnerable and start school without the skills they need to thrive, and children who start behind tend to stay behind.

Increasingly, economists and policymakers are recognising that one of the most effective levers in ensuring women's economic security, stimulating economic recovery in the short term and growing productivity over the longer term lies in improving access to high-quality, affordable ECEC. Globally, nations like the UK, Canada and China are reaping the triple benefits from investments in ECEC:

1. **Supporting workforce participation by parents**, especially helping mothers stay connected to work delivering increased tax revenues and greater economic security for women across their whole lives
2. **Long term productivity benefits** accrued to children from attending high quality early learning that sets children up for success in school and life
3. **Closing equality gaps** to improve outcomes for children facing disadvantage and vulnerability, reducing long term expenditure on welfare and other interventions.

In the recovery from COVID and natural disasters, investment in ECEC and the ECEC workforce is a smart and progressive investment which supports women and children specifically but also the broader economy. In fact, one study has shown that Government expenditure on ECEC creates more jobs per \$1 Million spent than expenditure on construction.¹

Goodstart is proud to join with the growing number of business and community leaders that strongly support the Centre for Policy Development's *Starting Better: A guarantee for young children and families*.² The Guarantee charts a clear pathway for governments to narrow the gap in children's outcomes while also supporting women's economic participation through a transformation of the early childhood system.

NSW has a strong history of being leaders in the ECEC sector. This review is an opportunity for the NSW Government to re-claim this position and lead the national conversation for the early years, while also taking immediate actions to improve outcomes for local women, children and families.

With strong leadership from the NSW Government, we can not only improve the lives of women living and working in NSW, we can also unlock the potential of young girls attending early learning today and provide them with vastly improved social and economic opportunities as they grow up. We look forward to working with the NSW Government and the panel to achieve this vision.

Recommendations

1. That the NSW Government become the first jurisdiction to commit to the *Starting Better Guarantee* as a means to better support women and children and seek a commitment from the National Cabinet to a long-term reform program for the early years. Action is required to implement a nationally consistent entitlement to more paid parental leave that is shared between partners, and three days of free or near-free quality early education and care for all children from birth until school.
2. That the NSW Government make immediate changes to improve outcomes for women and children in NSW by increasing affordability and access to high quality Early Childhood Education and Care:
 - a. Improve affordability by providing three days of free or near-free early learning and care for all children aged birth to three years through either supply side or demand side grants to existing high quality ECEC providers – recognising the unique barriers to access for very young children. *Detail of how this could work in practice is outlined in our submission.*
 - i. If this needed to be more targeted, we propose prioritising low and middle-income families on the basis that mothers from low-income families are more likely to increase their workforce participation with free or near-free ECEC, and children from low-income families benefit most from early learning. A measure targeted to families in the lowest two quintiles could benefit around 115,000 families.
 - b. Invest in making high quality preschool programs for three and four year olds free, or near free, regardless of setting for all children in NSW. Current policy makes preschool free for the 34.4% of children attending community preschools, but not the 65.6% attending long day care preschool programs, the latter facing a median out of pocket cost of \$56 a week to attend.³ *Detail of how this could work in practice is outlined in our submission.*
 - i. Should a scaled back option be required, NSW could prioritise free or near-free preschool for low-income families (i.e., bottom 40%). This measure would benefit

¹ M.Grundnoff & R.Dennis (2020) *Participating in growth: Free childcare and increased participation*, Australia Institute. Accessed at <https://australiainstitute.org.au/wp-content/uploads/2020/12/Female-participation-with-free-childcare-WEB-1.pdf>

² Centre for Policy Development, *Starting Better: A Guarantee for Young Children and Families*, November 2021. Accessed at <https://cpd.org.au/wp-content/uploads/2021/11/CPD-Starting-Better-Report.pdf>

³ Productivity Commission 2022, *Report on Government Services (ROGS), Early childhood Education and Care*, Canberra. Table 3A.24

women in around 60,000 low-income households to increase their workforce participation.

3. That the NSW Government support and invest in the overwhelmingly female ECEC workforce through a suite of workforce initiatives to create opportunities and conditions for women to secure permanent jobs in a growing essential services sector, while also working to improve professional recognition of educators and teachers working in the early years. This recommendation would also improve the supply of high quality ECEC services for NSW families by lifting the status and standing of the profession.
4. That the NSW Government provide more targeted support to women experiencing disadvantage, including those escaping family violence, through the expansion of navigator and flexible funding programs, such as Goodstart's Increasing Access and Participation program, and funding highly supported traineeships in ECEC.
5. That the NSW Government take a leadership role in working with the Australian Government and other states and territories to make improvements to the Child Care Subsidy (CCS) as soon as practicable including to modify the activity test to give all families a base entitlement of at least two full-days each week, and to make access to childcare more affordable by increasing the hourly fee cap noting NSW families are more likely to be accessing ECEC services priced above the Australian Government hourly fee cap than families anywhere else in Australia.

About Goodstart

Goodstart is a not-for-profit social enterprise and is the largest provider of early childhood education and care in the nation with more than 660 centres located across every state and territory, including 134 in New South Wales.

In 2021 our centres supported 18,400 children and 14,000 families in NSW alone, and more than more 70,000 children from 60,000 families nationally.

We employ more than 16,300 people across the country with around 3,200 in NSW. We are also a highly feminised workforce. Similar to our national profile, in NSW our workforce includes qualified educators (Certificate III and Diploma), bachelor qualified teachers and inclusion and additional needs professionals. Our workforce is:

- 97% women
- 33% part-time
- 44% full-time
- We also have a substantial casual workforce.

Our purpose is to ensure all Australia's children have the learning, development and wellbeing outcomes they need for school and life. All children should be supported to participate in quality early learning and care, regardless of where they live in Australia, their family circumstances, their inclusion support needs, or their early learning setting. We believe in working in partnership with the sector, Governments and the community to improve outcomes for all children – not just the children who attend a Goodstart service.

IF YOU WOULD LIKE TO DISCUSS ANY PART OF THIS SUBMISSION IN FURTHER DETAIL, PLEASE CONTACT:

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SUBMISSION

NSW has historically been a leader in the early years with a strong and dedicated sector supporting thousands of children and families

In terms of early childhood education and care policy, NSW has a strong legacy of leadership and acting in the best interests of children and families. It funded the initial development of a vibrant, low-cost community preschool sector and in 2006, it was the first state to put qualified teachers into long day care centres. The quality of practice is generally higher in NSW than in other states as a result, underpinned by a committed workforce with a strong sense of professional identity. In 2021 NSW also became one of the first jurisdictions to offer free kindergarten to children aged three and above via the Start Strong Free Preschool Program, provided they attend a community or mobile preschool program. There are significant successes to build on.

Families with young children in NSW are seeking greater flexibility and affordability to support their busy lives

Many families continue to choose sessional preschools for their children, which traditionally operate as two-7.5-hour days for 40 weeks per year and have a strong history of providing high quality preschool to thousands of children. However, as the workforce participation rate of women has increased over time, enrolments have shifted away from community preschools to long day care centres which many working families find more convenient with their more flexible sessions, longer opening hours and 52 week-per-year operating model. Both sessional preschools and preschools in LDC settings are delivered by fully qualified teachers in line with the Early Years Learning Framework.

At present, 65.6% of children enrolled in a preschool program are enrolled in a long day care centre compared to only 34.4% that attend community preschools.⁴ The State funding model has not been adjusted to adequately reflect this trend and children attending pre-school in a LDC setting receive a base subsidy of only \$477 from the State Government, compared to a rate of between \$4,489 and \$6,971 for community and mobile preschools.⁵ This has led to higher out of pocket costs for families in NSW compared to comparable jurisdictions such as Queensland, and these costs are increasing, with out-of-pocket costs increasing by 8% in Sydney over the past year.^{6,7}

In addition to cost barriers, we know that strong and stable relationships with educators and teachers are paramount – for children’s development and parents’ confidence. Best practice nationally and internationally suggests young children attend a single service for their early learning and care needs. The current settings in NSW mean too many families face the difficult choice of using multiple services each week to try and piece together the care and learning they want at an affordable price, or paying more than they should have to for the convenience of being able to access more than two days of quality early learning.

⁴ ABS “Preschool Education Australia 2020” 4240.0 table 20. Of those that attend a preschool, 19% also attend a long day care centre for part of their preschool.

⁵ Figures taken from Starting Strong Program Guidelines accessed at <https://education.nsw.gov.au/early-childhood-education/operating-an-early-childhood-education-service/grants-and-funded-programs/start-strong>

⁶ Median hourly costs for an LDC-based preschool program are over \$1 more expensive in NSW than Queensland. ROGS Table 3A.24.

⁷ Hare, Julie. “Rethinking early learning can save Australia’s education system.” Australian Financial Review, 20 February 2022. Accessed at <https://www.afr.com/policy/health-and-education/rethinking-early-learning-can-save-australia-s-education-system-20220218-p59xp5>

Over time, gaps have emerged which mean some women and children face bigger barriers and have less choice

Unfortunately, women and particularly mothers of young children in NSW experience vastly differing barriers to economic and social participation depending on a range of circumstances including where they live, how many days they work and how much they earn. Over time, NSW specific policy settings have meant that this has become more exacerbated in NSW than in other States and Territories.

The table below provides some key examples, noting that the recommendations outlined in this submission would help secure more equitable outcomes for women and children right across NSW.

Table 1. Options for a family with two children, ages 1 and 3 looking for four days ECEC to work

Location & Options	Family income	Impacts
<p>Inner suburbs</p> <p>Limited vacancies across both LDC and community preschools, particularly for nursery ages</p> <p>Average LDC costs \$144 a day – which exceeds hourly CCS fee cap⁸</p> <p>Community preschool is free for 2 days a week with 7.5hr days and a 12-month waitlist</p>	high income \$195,000	<p>Chooses high quality LDC for both children for convenience</p> <p>LDC out-of-pocket cost \$684 weekly</p> <p>Hard to pick up extra hours with low availability</p>
	low income \$65,000	<p>Chooses free sessional preschool for 3yo to reduce household costs, with LDC for the other 2 days</p> <p>LDC out-of-pocket cost \$268 weekly</p> <p>Multiple care / drop offs and shorter preschool day makes it difficult to work a full 8 hr day</p> <p>Hard to pick up extra hours with low availability</p>
<p>Outer suburbs</p> <p>Limited vacancies across both LDC and community preschools, particularly for nursery ages</p> <p>Average LDC costs \$110 a day</p> <p>Community preschool is free for 2 days a week with 7.5hr days and long waitlists</p>	high income \$175,000	<p>Chooses free sessional preschool for 3yo to reduce household costs for 2 days a week, with LDC for the other 2 days</p> <p>LDC out-of-pocket cost \$346 weekly</p> <p>Multiple care / drop-offs and shorter preschool day makes it difficult to work a full 8 hr day</p> <p>Hard to pick up extra hours with low availability</p>
	average income \$117,000	<p>Cannot find a community preschool place when needed so chooses LDC for both children</p> <p>LDC out-of-pocket cost \$300 weekly</p>
<p>Rural and Regional</p> <p>Good number of LDC vacancies, where services are available</p> <p>Average LDC cost \$93 a day</p> <p>Only 1 community preschool in town that runs through the school term</p> <p>Preschool only runs during school hours and makes working on these days challenging and alternative arrangements need to be made on school holidays</p>	average income \$117,000	<p>Selects community preschool because it's co-located with future primary school</p> <p>LDC out-of-pocket cost \$190 weekly</p> <p>Costs increase to \$253 on school holidays</p> <p>Multiple care / drop offs</p> <p>Good LDC vacancies makes it easy to pick up extra shifts however the effective marginal tax rate is a disincentive</p>
	low income \$72,000	<p>Afternoon shifts means that community preschool is not an option</p> <p>LDC out-of-pocket cost \$148 weekly</p>

⁸ Assumes a 10-hour day.

Cost barriers for families are having a negative impact on women's economic security and children's participation in early learning and care

Although a range of economic, social and cultural factors drive women's decisions about work, many women with children report that they want more paid employment. For these mums, the cost of childcare is the most frequent reason put forward for not joining or increasing their workforce participation. Childcare costs for families are more in Australia than most OECD countries, absorbing 19 per cent of household income for the average couple, compared to the OECD average of 10 per cent.⁹ The design of our tax and transfer system also means there is a high 'workforce disincentive rate' for women either returning to work or taking on additional work.¹⁰

Access to affordable, high quality ECEC is also important for women with young children who are not in the workforce. Having a regular placement for at least three days a week removes barriers to researching and finding work, participating in job interviews and picking up shifts when offered – especially for those on casual rosters. The current subsidy provided by the Australian Government of just 36 hours per fortnight (equivalent to 1.5 days a week, or 3 days per fortnight) are inadequate for many mothers of young children.

Evidence suggests focussing on low-income women will have the greatest impact

While modelling by the Grattan Institute and others shows net childcare costs are a significant contributor to workforce disincentives right across the income spectrum, the impacts are greatest for those on low incomes.¹¹ This finding echoes the 2015 Productivity Commission Inquiry into Childcare and Early Childhood Learning which found women in low income households are more responsive to the price of ECEC than women in high income households.¹² These findings have been borne out through the implementation of the Child Care Subsidy. Commonwealth data shows that in the first twelve months of the CCS, despite a substantial reduction in subsidy for high income earners, enrolments in childcare increased or barely changed in 6 of the 9 highest income SLAs in Eastern and North Shore Sydney.¹³ The recent removal of the annual CCS Cap for middle income families (>\$181,000 family income) has been a welcome move that removes cost barriers for women who are looking to work more than three days per week.

There is therefore good reason for the NSW Government to pay particular attention to women on low incomes when considering measures to increase workforce participation and their children's participation in ECEC. Doing so holds the potential to both improve productivity and by reducing the gap between those on the highest and lowest incomes, contribute to a more equal society.¹⁴

There are significant barriers for women with very young children (up to three years) including affordability and a lack of supply of quality places to choose from, especially for babies

Access to adequate Paid Parental Leave or Income Support payments are essential in supporting parents and their newborns in the first year of life. Best practice for children during this time is spend time at home with their parents or other primary carers. When parents of babies are ready to return to work, they are

⁹ OECD (2022), Net childcare costs (indicator). doi: 10.1787/e328a9ee-en (Accessed on 01 March 2022)

¹⁰ As women do more paid work and their incomes rise, they tend to lose some of their family tax benefits and their childcare subsidy on existing days worked. KPMG (2018) The cost of coming back: Achieving a better deal for working mothers, accessed at <https://assets.kpmg/content/dam/kpmg/au/pdf/2018/achieving-better-deal-working-mothers.pdf>

¹¹ Wood, D., Griffiths, K., and Emslie, O. (2020). Cheaper childcare: A practical plan to boost female workforce participation. Grattan Institute. Accessed at <https://grattan.edu.au/wp-content/uploads/2020/08/Cheaper-Childcare-Grattan-Institute-Report.pdf>

¹² Productivity Commission 2014, Childcare and Early Childhood Learning, Inquiry Report No. 73, Canberra.

¹³ DESE Child Care in Australia Q3 2019 and Q3 2020 <https://www.dese.gov.au/key-official-documents-about-early-childhood/early-childhood-and-child-care-reports/child-care-australia>

¹⁴ Evidence shows more equal countries do better on a range of health and social outcomes, including child well-being, compared to countries with higher income disparity.

understandably highly sensitive to quality when considering leaving their babies and toddlers for the first time in the care of others. This is especially the case for mothers who are usually the primary carers. Quality matters and it is the supply of quality places at an affordable price that are two key drivers for decision making when parents are looking to return to work after having a baby.

Operating costs for providing high quality care and learning for children under three are roughly double that of three to five year olds, due to the necessarily higher staff-child ratios for babies and toddlers and the fixed CCS hourly fee cap for all children regardless of age. Combined with NSW policy settings which direct investment to older cohorts, new for-profit providers often focus their offerings on children aged three and above.¹⁵ This means there continues to be fewer places for children aged two and under, with longer waitlists in some markets. Across the Goodstart network in NSW, as we are still recovering from Omicron, we currently have vacancies for most age groups, but waitlists in many centres including Marrickville, Bathurst and Wagga for babies. The waitlist in one centre is around 12 months.

Better access to paid parental leave for all parents and changes to the CCS hourly fee cap would be efficient ways to support mothers' return to work and our federal prebudget submission outlines key changes that would be the responsibility of the Australian Government.¹⁶ Ideally all parents should have access to paid parental leave or income support payments for the first year of a child's life and most OECD countries provide more generous paid parental leave arrangements in their first year than Australia does. However, in the absence of these changes the NSW Government can take steps to improve affordability for families in the short term.

Options may include 'top-up' subsidies paid to LDCs and based on a child's CCS entitlement or block grants to LDC services, potentially linked to quality ratings. The goal of these subsidies would be to improve quality and reduce out-of-pocket expenses to a degree which removes the disincentives produced by the current system and increases the market supply of places, particularly for children aged birth to two years.

Low-income families should be prioritised and at a minimum, the new subsidies could 'top-up' CCS for families in the bottom quintile to cover 95-100% of costs, and 90-95% for families in the second bottom quintile for at least three days a week. Eligibility for these subsidies could be determined according to whether a family holds a Health Care Card (roughly the bottom quintile); receives a Family Tax Benefit payment (roughly the second bottom quintile); or belongs to another target cohort.

Other states have delivered similar subsidies, for example, Queensland and South Australia currently provide fee subsidies direct to low-income families attending preschool programs in long day care centres, and the Northern Territory Government also provides operational subsidies. Goodstart would be pleased to work with Government to explore how such an initiative could be delivered efficiently in NSW to reduce financial disincentives to work and increase market supply of places for children aged birth to two.¹⁷

Recommendation - That the NSW Government improve affordability by providing three days of free or near-free early learning and care for all children aged birth to three years through either supply side or demand side grants to existing high quality ECEC providers – recognising the unique barriers to access for very young children.

If this needed to be more targeted, we propose prioritising low and middle-income families on the basis that mothers from low-income families are more likely to increase their workforce participation with free or near-free ECEC, and children from low-income families benefit most from early learning. A measure targeted to families in the lowest two quintiles could benefit around 115,000 families.

¹⁵ Productivity Commission, 2014.

¹⁶ Goodstart Early Learning: 2022 Pre-Budget Submission to the Australian Treasury, January 2022. Available at https://www.goodstart.org.au/getmedia/5a5478cb-bfd4-4134-a33a-a88b152a144a/Goodstart-Pre-Budget-Submission-2022-23_FINAL.pdf.aspx.jpg

¹⁷ The Queensland Kindergarten Funding Scheme, although provided to children in the year before school, has established an efficient system and precedent for providing targeted subsidies to LDCs.

The costs and convenience of preschool for three and four year olds can be enhanced so women and children aren't disadvantaged and have more choice

Maximising preschool attendance among three and four year olds would both support the workforce needs of women and bring NSW into line with international evidence and best practice which supports at least two years of early childhood education before they commence school.

In signing the National Preschool Reform Agreement in December 2021, New South Wales commenced long-awaited reform to better align the delivery of early childhood education to the needs of working families and target increased support to children experiencing disadvantage in the year before school. We applaud this commitment and urge the Government to consider it as a foundation to build on for all three and four year olds.

The new preschool funding agreement with the Commonwealth requires funding to follow the child and will be an improvement in New South Wales. This will mean that from 2023, LDC providers delivering preschool in New South Wales, such as Goodstart, will receive per child Commonwealth funding of approximately \$1340. However, without significantly increasing Government's overall per-child investment in preschool programs, this is unlikely to lead to material reductions in out-of-pocket costs or increases in women's workforce participation. We also note that some sector partners delivering high-quality sessional preschool have advised that the current funding model does not cover the full cost of providing sessional preschool, hence these costs are borne by the provider or recouped via other means in order to provide 'free' preschool offer to families.

Queensland has recently announced plans to overhaul its kindergarten funding scheme, which will reduce fees for approximately 70% of all children attending preschool and see free preschool delivered to the most vulnerable and disadvantaged children attending LDC services for the first time.

NSW cannot afford to fall behind. The opportunity exists for NSW to re-establish its status as the national leader in the early years and be the first jurisdiction to sign on to the Starting Better Guarantee to provide free or near-free preschool to all three and four olds.

Prioritising implementation for vulnerable and disadvantaged children, NSW should look to increase its investment in LDC preschool programs for three and four year olds to ensure funding is sufficient to provide a high quality program (including matching teachers' wages and conditions offered in the schools and preschools sectors) while keeping it free or near free for families.¹⁸ With this boost in funding, Goodstart would welcome the opportunity to work with the NSW Government towards a model which could provide free or near-free kindergarten to three and four years olds attending kindergarten in our centres, drawing lessons from Queensland's recent experience.

Recommendation - Invest in making high quality preschool programs for three and four year olds free, or near free, regardless of setting for all children in NSW. Current policy makes preschool free for the 34.4% of children attending community preschools, but not the 65.6% attending long day care preschool programs, the latter facing a median out of pocket cost of \$56 a week to attend.

Should a scaled back option be required, NSW could prioritise free or near-free preschool for low-income families (i.e., bottom 40%). This measure would benefit women in around 60,000 low-income households to increase their workforce participation.

Investment in the ECEC workforce is necessary and presents a unique opportunity to improve outcomes for women and children in the short and long term

The long day care workforce is a large and overwhelmingly female workforce (96.1%).¹⁹ The vast majority of educators have wages well below the average man working full time (\$1846.50 per week) and average full-time female earnings (\$1591.20).²⁰ Award rates for qualified early childhood educators and senior educators range from \$800.50 to \$1091.80 per week, and for early childhood teachers from \$1216.50 to \$1565.40. These rates are substantially below the wages for educators with comparable qualifications in NSW government schools and preschools, with a wage differential of 17-46%. Teachers (and some educators) in NSW government schools and preschools also receive up to 10 weeks leave each year compared to four weeks in long day care services, and additional non-contact time for programming.

Table 2: Wage rates for educators and teachers in long day care setting and Government schools and preschools in NSW

Classification	Long day care award rate (p.a.)	NSW Education Dept rate	Difference %
Educator Cert III commencement ¹	\$46,936	\$62,620	33%
Educator Cert III after 2 years ¹	\$50,080	\$70,254	40%
Teacher 4-year trained graduate ²	\$63,475	\$74,070	17%
Teacher 4-year trained proficient ²	\$69,380	\$89,336	29%
Teacher 4-year trained proficient and 4-years service ²	\$75,530	\$110,473	46%

¹ Childrens Services Award 1/7/2021, NSW Crown Employees (Teachers in Schools and Related Employees) Salaries and Conditions Award as determined from 1/1/2022 for Education Paraprofessional (Cert III qualified) rates; Educational Services (Teachers) Award as determined from 1/1/2022, NSW Crown Employees (Teachers in Schools and Related Employees) Salaries and Conditions Award as determined from 1/1/2022

There is now a worsening crisis in the ECEC workforce with vacancies running at twice pre-pandemic levels, one in ten educator jobs vacant, and many educators wanting to leave the sector citing low pay and lack of professional recognition. The acute shortage of qualified teachers and educators is not just happening in the long day sector, but it will impact on the ability of centres being able to provide places for families (and their employers) when they want it – across the sector some centres have needed to cap places because they cannot attract staff to fill vacancies.

Addressing educators' pay and conditions will support women's economic equity in two ways. First, it will lift low wage rates in an overwhelmingly female sector. Second, by improving the retention of educators, centres would be better placed to meet the demand for places from parents wanting to increase their days of work. Lastly, but arguably most importantly, it will improve the learning and development outcomes for children by ensuring consistency in their teachers and educators.

¹⁹ Australian Government, 2016 Early Childhood Education and Care National Workforce Census, table 4 accessed at <https://www.dese.gov.au/key-official-documents-about-early-childhood/resources/2016-national-early-childhood-education-and-care-workforce-census-report>

²⁰ ABS Average Weekly Earnings, Australia November 2021

Prior to the commencement of the national modern award in 2010, NSW early childhood educators and teachers were paid considerably more than their counterparts in other states.²¹ However, the new national minimum rates awards moved to the lower national rate. Some employers (like Goodstart and KU Children Services) continued to maintain and build on the older, higher rates. Many private employers moved over time towards the new national award rates.

Since 2016, the proportion of NSW long day care centres requiring a waiver from the National Quality Standards because they cannot need the staffing qualification requirements (usually because they don't have enough teachers) has risen from 7.8% to 16.1% of services.²² By contrast, just 3% of Victorian long day care centres have staffing waivers in place. This is almost certainly as a direct result of the substantially higher levels of funding for kindergarten programs in long day care provided by the Victorian Government (\$3,831 per child compared to \$477 in NSW) which allows services to offer better wages and conditions to teachers.²³ Community preschools in NSW also offer higher wages than long day care centres as a direct result of the funding model provided by the State Government. Last year, all Governments agreed to develop a 10-year National Children's Education and Care National Strategy to start addressing some of these issues over the medium to long term. But action is urgently needed to ensure that the ECEC sector can play its role in supporting the economic recovery by providing places for women wanting to get back to work. Goodstart is committed to working with all levels of government to address the workforce crisis, **Appendix 1** provides further information about how this can occur. Actions that should be prioritised by the NSW Government include:

Upskilling for VET-qualified educators

Upskilling educators is an effective pathway to increase wages across the sector and address these shortages. Goodstart supports calls across the sector to 1) keep VET courses free in ECEC and 2) enable experienced, VET-qualified educators to upgrade to degree level via an accelerated route. Similar upskilling programs have been introduced in Victoria²⁴, providing a template for other state based (and ideally national) programs. Complimenting the fast-track program, NSW's existing scholarship program for aspiring ECTs should be retained and expanded.

Measures to increase Early Childhood Teacher wages

LDCs play a critical role in delivering preschool programs, led by degree-qualified early childhood teachers (ECTs). However, it is extremely difficult for long day care centres to match the salary and conditions offered in government preschools and in schools. 13.6% of long day care centres currently have staffing waivers in place, mostly because they don't meet the ECT requirements of the National Quality Framework. Attracting and retaining ECTs in long day care centres will be essential in meeting the benchmarks established by the National Preschool Reform Agreement.

Direct subsidies could be used in NSW to establish wage parity between ECT rates in LDCs and schools. These have been successful in other jurisdictions. A retention bonus of \$5,000 could also be provided to ECTs delivering preschool programs for three to five year olds in LDCs if they work for their employer for the full 40 weeks of the school year. Continuity of teaching should be seen as crucial to maintaining the quality of preschool programs and is currently an ongoing challenge in our sector.

Recommendation - That the NSW Government support and invest in the overwhelmingly female ECEC workforce through a suite of workforce initiatives to create opportunities and conditions for women to secure permanent jobs in a growing essential services sector, while also working to improve professional recognition of educators and teachers working in the early years. This recommendation would also improve the supply of ECEC services for NSW families.

²¹ Miscellaneous Workers – Kindergartens and Child Care Centres (State) Award 2006

²² Australian Childrens Education & Care Quality Authority NQF Snapshot, Accessed at <https://www.acecqa.gov.au/nqf/snapshots>

²³ See Victorian preschool funding rates:

<https://www.education.vic.gov.au/childhood/providers/funding/Pages/kinderfundrates.aspx>

²⁴ <https://www.vic.gov.au/innovative-early-childhood-teaching-courses>

Mothers experiencing disadvantage need additional help to be work-ready

Many women experiencing disadvantage need targeted support to engage or re-engage with the workforce. Programs such as NSW's Return to Work program, which has recently been expanded to provide women who are living in domestic violence refuges with flexible grants of up to \$5,000 can be the difference between overcoming workforce barriers – or not.

One option that has potential both to support women to engage in the workforce and address ECEC workforce shortages would be to expand programs which provide highly supported traineeships in ECEC for women who are experiencing disadvantage. There are precedents for this type of program under the Australian Governments Local Jobs Program, the Queensland Government's Skilling Queenslanders for Work Program and the Goodstart and Brotherhood of St Laurence's Jindi Family and Community Centre in Victoria. Goodstart would be pleased to provide more information about how such a program could be implemented.

Goodstart has also found that mothers experiencing complex disadvantage and vulnerability sometimes need help to overcome barriers to accessing the ECEC system. Without regular, affordable and high-quality ECEC places for their children, participating in training and employment isn't possible. While cost is a barrier, navigating bureaucratic processes and building trust and confidence with services can also be substantial barriers. The Increasing Access and Participation (IAP) program was introduced at Goodstart to help highly vulnerable children – and their caregivers to navigate and access the ECEC system. Under the IAP a Family and Community Engagement Worker supports children and families experiencing vulnerability with Enrolment into our Centres, including outreach to assist families to navigate barriers to enrolment, advocating for the benefits of early learning and care, registering for childcare subsidies with Centrelink, and by providing a dedicated liaison person to work with child protection and other government agencies.

Originally delivered in Victoria, Goodstart has recently partnered with the South Australian Government to expand the program to vulnerable children and families in that state. With funding from the NSW Government, the program could also be scaled up to support women and children experiencing disadvantage in NSW to access ECEC.

Recommendation - That the NSW Government provide more targeted support to women experiencing disadvantage, including those escaping family violence, through the expansion of navigator and flexible funding programs, such as Goodstart's Increasing Access and Participation program, and funding highly supported traineeships in ECEC.

The NSW Government should play a leadership role with the Australian Government in the short and long term

The choices that women make about returning to work after having children do not occur in a vacuum. They are influenced by a range of complex economic, social and cultural factors. Government policy can either alleviate or exacerbate these factors.

There is immediate work to do with the Australian Government and other states and territories to make improvements to the Child Care Subsidy as soon as possible. These include modifying the activity test to give all families a base entitlement of at least two full days each week. Doing so will immediately increase the affordability of places for many mums currently disengaged from the workforce who dropped out of the system entirely when the CCS was introduced and support them back into the workforce.

Immediate action is also needed to make access to childcare more affordable by increasing the hourly fee cap, noting NSW families are more likely to be accessing ECEC services priced above the Australian Government hourly fee cap than families anywhere else in Australia. When it was introduced in 2015, the then-Minister Morrison stated the CCS would result in a family earning between \$65,000–\$170,000 per

annum being around \$30 a week better off. But the CCS hourly cap on fees has not kept up with increases in childcare costs, particularly in higher-cost rooms and locations like inner-city areas. The percentage of services charging fees above the cap has been steadily rising since 2018 – with increases skewed towards services and rooms with higher costs of delivery, like baby rooms and inner-city locations with high rents, or regional and remote locations where it is difficult to attract staff, particularly teachers. With the CCS system approaching four years old, it is time for Government to conduct a comprehensive review of the CCS hourly cap, with a view to restoring affordability to the original level announced in the 2015 Budget. Consideration should be given to high-cost settings, such as nurseries and metropolitan locations, as well as setting separate, higher hourly caps for shorter sessions of care.

Looking towards the next decade of reform, the Centre for Policy Development's Starting Better Guarantee charts a clear pathway for governments to narrow the gap in children's outcomes while also supporting women's economic participation and transforming the early childhood system over the next decade. Drawing from extensive evidence and consultation it would provide an entitlement to all children and families to:

- **More paid parental leave, shared between partners.** This will not only provide babies with more time with their parents in the crucial first year of their lives but will also address the gender gaps in economic participation and security by normalising the role of fathers in taking an equal share of parenting and unpaid work.
- **Three days free or near-free quality early education from birth until school,** with more days available at minimal cost. This begins as soon as families need it. This means all children will experience the lifelong benefits of quality early education
- **Support for children and parents from within their community,** including up to 25 visits from maternal and child health nurses

By taking the first step and committing to the Guarantee, NSW once again has an opportunity to lead a critically important national conversation about the kind of future we want for all Australian children and their families.

Appendix 1 – ECEC workforce recommendations for the Australian government

The problem: The shortage of qualified early childhood educators and early childhood teachers is worsening each month, limiting the capacity of early learning and care services to enrol children. While the shortage has been exacerbated by COVID-19 (particularly the Omicron wave), it will not subside when the pandemic fades. The sector therefore requires targeted intervention by government to build supply in the shortest possible timeframe, with action to begin in 2022. We recommend that the Australian Government adopt the following policy measures, which are listed in order of priority:

1. Extend support for traineeships

The Boosting Apprenticeship Commencements (BAC) wage subsidy has coincided with strong growth in traineeship commencements in Early Childhood Education and Care (ECEC). Enrolments in ECEC traineeships jumped by 72.6% in the period January-June 2021, compared to the same period in 2020 (we are awaiting full-year results). We should seek to extend this impact, by extending the BAC program for ECEC traineeships for a further 12 months (beyond 31 March 2022) and supporting employers to allocate sufficient staff to mentor new trainees.

Action:

- Extend the Boosting Apprenticeship Commencement subsidy for ECEC by 12 months.
- Pay a grant of \$5,000 to each service taking on a new trainee, to support mentoring.

Estimated impact: If 20% of long day care centres take on one trainee each under the extended BAC program, this will add 1,688 educators to the workforce. Funding these centres to take a senior educator 'off the floor' for induction and mentoring in the first 6-12 weeks would support strong retention of the new trainees.

Timeframe: Short-term. New traineeships in 2022 would deliver fully qualified early childhood educators in 2023.

2. Support upskilling for VET-qualified educators

The shortage of qualified early childhood teachers (ECTs) is particularly acute, but could be addressed rapidly by enabling experienced, VET-qualified educators to upgrade to degree level via an accelerated route.

Action:

- Co-fund a national fast-track program for early childhood educators with diploma qualifications, to upskill them to ECT level (Bachelor or equivalent) in less than the usual 3-6 years.
- Develop a scholarships program to support educators to upskill to a Bachelor qualification by offering additional paid leave to undertake practicum requirements, time off the floor to study and funding for teacher mentors.

Estimated impact: There are approximately 52,792 diploma-trained educators in the sector who would be eligible to upskill. Based on a conversion rate of 15%, that could produce a potential pool of 7,918 educators upskilling. There are programs that can be scaled to meet the national demand for qualified early childhood teachers. The Victorian Government's Early Childhood Innovative Initial Teacher Education program (780 diploma-qualified educators in early 2022, across five universities) and its Upskill Program (offered from 1 July 2022 for 100+ annual enrolments) are attracting strong enrolments. If enrolments were replicated in other states and territories on a population basis, we would see an additional 2,220 – 5,000 enrolments in an ECT qualification.

Timeframe: Medium-term. Once the program is established, commencing students could expect to graduate as ECTs in around 18 months for accelerated degrees and 2.5 years for those studying and working part-time. Given the strong positive outcomes of this measure for preschool education, it would be appropriate for state and territory governments to contribute to the costs. Employers in the early learning and care sector would also contribute, for example, through facilitating release and backfilling of positions, and providing support for students at the workplace level.

3. Run a national workforce campaign

The Children's Education and Care National Workforce Strategy has recommended a national communications campaign to promote early learning and care careers. However, this has been accorded only medium priority, meaning it should be delivered within six years (by 2028). The latest Job Outlook data indicates that we will need another 7,000 teachers by 2023 and 30,000 educators for the ECEC sector, so waiting six years to deliver on this strategy is too long.

Action:

- Fund immediate development of the workforce campaign, for launch within 12 months.

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

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

4. Initiate a national push for more school-based traineeships

There are not enough students taking up school-based traineeships (SBTs) in early learning and care. Retail qualifications attract more than twice the number of student trainees as the Certificate III in Early Childhood Education and Care (ECEC), and both retail and business traineeships have been on a strong upward trajectory in schools since 2019, while demand for ECEC has flatlined². Building career attraction, including respect for the role of early childhood educators, needs to start in schools.

Action:

- Coordinate a national effort to increase the uptake of school-based traineeships in early learning and care.

Estimated impact: Lifting enrolments in a school based ECEC traineeship by 25% could produce an additional 270 educators, ready to work from the time they leave school.

Timeframe: Medium-term. SBTs typically run for two years.

5. Lift the priority of early childhood educators and teachers in skilled migration

Priority skilled migration offers the fastest route to filling vacancies for early childhood educators and teachers.

Action:

- Add early childhood educators and early childhood teachers, at all qualification levels, to relevant occupation lists: the Priority Migration Skilled Occupation List; Medium and Long-term Strategic Skills List; and the Regional Occupation List.

- Amend the Working Holiday Maker rules to enable visa-holders to work in early learning and care services, including for extended periods.
- Run a marketing campaign in the UK to support uptake of the forthcoming three-year Working Holiday Maker visa by early childhood educators.
- Streamline the recognition of overseas qualifications for early childhood teachers (particularly from the UK and Ireland).

Estimated impact: If we increase the (pre-pandemic) number of qualified ECTs migrating from the UK and Ireland alone by 20%, we can fill 100 vacant ECT positions almost immediately.

Timeframe: Short-term.