

# **Goodstart Early Learning: 2020-21 Pre-Budget Submission to the Australian Treasury**

**August 2020**

# PRE-BUDGET SUBMISSION TO THE AUSTRALIAN TREASURY – BUDGET 2020-21

## About Goodstart Early Learning

Goodstart Early Learning (hereafter Goodstart) is Australia's largest not-for-profit social enterprise and Australia's largest Early Childhood Education and Care (ECEC) provider, with 665 centres located in all states and territories, caring for more than 71,900 children from 60,300 families. Our purpose is to ensure all Australia's children have the learning, development and wellbeing outcomes they need for school and life.

## Summary

The Australian Government's timely responses to COVID-19 has helped children keep learning, families keep working and the sector stay open. We appreciate the collaborative approach the Australian Government has taken in working with the sector and in being responsive to issues as they emerge.

It will take some time for the Australian economy to recover from COVID and ECEC will be a fundamental part of that recovery. Maintaining access and improving affordability will support workforce participation, particularly for mothers, by removing financial disincentives to work and ensuring every parent can easily accept every shift of work they are offered.

For this reason, we ask Government to:

- **Continue the transitional measures** that are helping our hardest hit families to continue to access early learning, i.e. the activity test relaxation and Additional Child Care Subsidy - Temporary Financial Hardship;
- **Retain the ability to rapidly respond to emerging hotspots** by turning on the existing suite of policy and funding responses and keeping them in effect until things settle for families and the community. Specifically: the Transition Payment; Special Transition Payments; allowing providers to waive families' gap fees; and giving children extra absence days should all continue until physical attendances are back to normal;
- **Ensure all children can catch up on the preschool they have missed**, so they don't start school behind next year, by introducing a temporary increase in the hours available under preschool activity test exemption; and,
- **Provide sustainable, long-term early childhood funding** for access to preschool and early learning to support all children to be ready for school and life.

## Specific recommendations

### Measures that need to continue from the end of September to support COVID recovery

1. Extend the activity test exemption for COVID-19 impacted families until July 2021.
2. Grant families experiencing financial hardship due to COVID-19 a second 13-week period of ACCS Temporary Financial Hardship for the same hardship event.
3. Improve access to ACCS Transition to Work as a critical measure to address very low uptake (a 17% decline) and to mitigate workforce disincentives for JobSeekers and Parenting Payment recipients.
4. Introduce a new temporary increase to the preschool exemption from 36 hours per fortnight to 72 hours to ensure children can catch up on their preschool or kindy before school starts in February 2021. Ideally, this measure should be applied for the two years before school and on an ongoing basis.

Note: provided these measures are in place, an ongoing national Transition Payment is not likely to be required for most services.

5. In order to address financial workforce disincentives, the following additional measures could also be considered as temporary measures for the 2020-21 financial years:
  - a. Increasing the Child Care Subsidy rate by 10% at each income threshold (i.e. scaling from 95% for low income families to 30% for high income families).

- b. Removing the annual cap of \$10,373 per year per child as an economic stimulus measure and to remove work disincentives for middle- and high-income earners.
- c. Review the fee caps to ensure they properly reflect the costs of families for shorter sessions of care, the higher costs of younger children, and varying costs in different localities.

#### Measures that need to continue to responses in COVID-19 hotspots

Government to continue to respond quickly and flexibly in emerging COVID related hotspots by:

- 6. Maintaining or reinstating transition payments in declared hotspot locations at a minimum rate of 30% CCS (in the relevant reference period), e.g. in declared health disasters areas, when stay at home directions are issued by state health authorities etc, along with Special Transition Payments for centres with low CCS payments.
- 7. Continuing provisions to allow providers to waive out of pocket costs (gap fees) for families who are absent in declared COVID-19 hotspot locations.
- 8. Continuing the approach of increasing the number of allowable absences per child in hotspot locations consistent with the period of stay at home directions (e.g. 30 allowable absences for a 6-week lockdown period).
- 9. Keeping the above measures in place until physical attendances are back to normal, or close to normal (e.g. physical attendances and occupancy match an agreed reference period).

#### Sustainable early childhood education and care funding (long term)

Government to support all children to access at least two days of early learning and have their learning needs supported, regardless of their family's circumstance or where they live:

- 10. Allocate funding across forward estimates to provide long-term, sustainable funding for universal access to preschool for at least 5 years.
- 11. Allocate funding across forward estimates to provide funding universal access to preschool in the two years before full-time school.
- 12. Across the forward estimates, allocate sufficient funding for Child Care Subsidy to provide all children with a base entitlement of 18 hours subsidy per week (across two days) regardless of the parents' activity.
- 13. Increase the funding allocation to the Inclusion Support Program by: matching funding to the hours a child attends early learning and care (i.e. remove the 25 hours per child limit); providing a one-off 'catch-up' increase in wage subsidies to align with award wages; and index wage subsidies on an ongoing basis.
- 14. Increase funding for children and families in early learning impacted by emergencies and natural disasters, including: trauma-informed professional development; access to additional educator support (through the Inclusion Support Program); and fee relief for families through a new disaster category of ACCS Child Wellbeing.
- 15. Fund the development and implementation of the National Early Childhood Education and Care Workforce Strategy agreed at COAG Education Council in December 2019.

## Measures to support post-COVID economic recovery

**Recommendation 1:** Extend the existing activity test exemption for COVID-impacted families until July 2021.

The COVID-19 pandemic has had a significant impact on unemployment, with Australian unemployment reaching a record high of 7.4 per cent in July 2020 and expected to continue rising. Figures would be above 13 per cent without measures like the current JobKeeper wage subsidy scheme<sup>1</sup>.

For families who have lost jobs or had their hours of activity reduced, the activity test exemption is providing them with up to 100 hours of subsidised care per fortnight. As outlined below, our attendance data from the last six weeks shows that families are still only accessing the level of care they need – and can afford – but are flexibly using the extra hours to accept extra work when it is available.

This means the activity test exemption is an effective and efficient measure for Government, as it is providing COVID-impacted families with the flexibility to work as much as they can, accept work when it is available, with government only paying for the hours that families are using.

Key data facts and family insights:

- Nearly half (47.5%) of all Goodstart families who are currently eligible for 100 subsidised hours per fortnight (CCS100) are regularly accessing 2-3 days per week but many are picking up extra days of care on a casual basis, when work is offered.
- COVID impacted working families are likely to need support into 2021:
  - 37% of families<sup>2</sup> said it is unlikely their income and activity will return to normal by the end of September and 27% say it will not be back to normal by December.
  - Low income working families (<\$69,000 p.a.) face the most uncertainty, with nearly half (48%) saying their income and activity will not be back to normal by the end of September and 26% say it will not be by December 2020.
- Since the end of free care (13 July 2020), nearly 1,000 Goodstart families who were eligible for CCS100 reduced their bookings from 4 or 5 days per week to 3 days per week, reflecting reduced income and / or work commitments.

The current activity test exemption is in place until the end of September 2020. With so many families impacted by COVID-19 and few who expect their income and activity to return to pre-COVID levels by then, we are calling upon the Government to extend the activity test exemption for the 2020-21 financial year.

**Recommendation 2:** Grant families experiencing financial hardship due to COVID-19 a second 13-week period of Additional Child Care Subsidy (ACCS) - Temporary Financial Hardship for the same COVID-related event.

The ACCS Temporary Financial Hardship measure is government's key financial support mechanism for families experiencing temporary financial hardship. Eligible families receive financial support for the cost of their early childhood education and care for up to 13 weeks per hardship event.

When free care ended on 13 July 2020, around 5,000 families across the country were approved for ACCS Temporary Financial Hardship, which was a 400% increase on pre-COVID approval levels, in line with the high level of hardship being felt across the country. The 13-week support period will support them until early-to-mid October. In the current economic environment, it is highly unlikely that income and activity for these

<sup>1</sup> ABC News, 16 July 2020, <https://www.abc.net.au/news/2020-07-16/unemployment-jobs-coronavirus-june-2020-abs/12460890>

<sup>2</sup> Goodstart Family Insights Survey, August 2020: n=8,316 responses, margin of error <1%.

families will have returned to pre-COVID levels by then, particularly for parents from highly impacted industries, such as tourism, airlines, arts and tertiary education.

Key data facts and family insights:

- More than three-quarters of Goodstart families (76.3%) who responded to our family survey<sup>3</sup> reported they would need an additional 13 weeks of subsidy after their current subsidy period ends.
- 57.7% of Goodstart families said they will have to reduce their days if their ACCS Temporary Financial Hardship is not continued, while 14.1% of families said they will withdraw their child. Neither of these outcomes is desirable when trying to keep parents available for work in uncertain economic conditions.

We ask Government to allow COVID-impacted families to access a second 13-week period of support for the same hardship event, e.g. job loss, reduction in income, serious illness. This would require a simple change to the ACCS Temporary Financial Hardship Minister's Rules<sup>4</sup>, and does not require legislative change.

**Recommendation 3:** Improve access to ACCS Transition to Work as a critical measure to address very low uptake and to mitigate workforce disincentives for JobSeekers and Parenting Payment recipients.

ACCS Transition to Work provides a 95 per cent subsidy rate to families on income support payments to transition to work through work, study or training activities. Government data indicates that, even though the number of JobSeekers had doubled in the period December 2019 to May 2020<sup>5</sup>, there was a 17 per cent decrease in the number of people approved for ACCS Transition to Work compared with pre-COVID levels. The number of people supported by ACCS Transition to Work nationally remain quite low, with only 1,366 claims in July compared to 1,600 on average in Jan-Feb 2020. Our evidence and experience as outlined below indicates there appears to be systemic issues preventing eligible families from accessing this support.

Key data facts and family insights:

- Goodstart has seen a 14% decrease in ACCS Transition to Work recipients. This is concerning as we have made intensive efforts to ensure families are aware of the support available to them.
- Our research suggest changes may be needed to the administrative processes to ensure families can easily access the support they are entitled to.
- Our survey found that most families who accessed this support felt it achieved the goal of helping them get back to work or study.

We ask Government to investigate the reasons for this very low take up and to take the necessary steps to remove barriers and improve pathways for families on income support to better access this subsidy and support them into work, study or training. We have provided the findings from our own research to the Department of Education, Skills and Employment for their consideration.

**Recommendation 4:** Introduce a temporary increase to the preschool exemption to increase from 36 hours per fortnight to 72 hours and extend the exemption until February 2021.

Children and young people across the country have had their learning disrupted by COVID-19 at all levels – through early learning, schooling and tertiary education. For children attending preschool (or kindergarten), it is imperative that they have access to additional days of preschool so they can catch up on achieving their minimum number of hours (600 hours) of preschool<sup>6</sup> before they start school. Across Australia, one in five children are developmentally vulnerable when they start school<sup>7</sup> and children who start behind their peers

<sup>3</sup> Goodstart Family Insights Survey, August 2020: n=8,316 responses, margin of error <1%.

<sup>4</sup> ACCS Temporary Financial Hardship Minister's Rules provision: [FAA Act 1999](#) Section 85CG (2) Eligibility for ACCS (temporary financial hardship).

<sup>5</sup> APH, 14 July 2020, '[The impact of COVID-19 on JobSeeker Payment recipient numbers by electorate](#)'.

<sup>6</sup> National Partnership Agreement on Universal Access to Early Childhood Education 2018-2019.

<sup>7</sup> Australian Early Development Census (AEDC) 2018 results, <https://www.aedc.gov.au/schools/findings-from-the-aedc>

tend to stay behind<sup>8</sup>. However, attending a quality preschool program can help close attainment gaps and vulnerable children stand to benefit the most<sup>9</sup>.

While some COVID impacted families may have access to additional subsidised hours through the relaxation of the activity test, this will not provide additional access for children who are supported by the preschool exemption, i.e. children where one or both parents are not working or whose reduction in work or activity is not COVID-related.

Key data facts and family insights:

- Overall, as at 30 June, up to one-third of children in the year before school<sup>10</sup> have missed so much preschool they are not on track to access the minimum dose to make a difference (i.e. two days per week to reach 600 hours of preschool by the end of the year consistent with the Universal Access National Partnership).
- More than half (53%) of our vulnerable and disadvantaged children<sup>11</sup> were not on track to meet preschool dosage requirements as at 30 June 2020.
- Children from culturally and linguistically diverse backgrounds appear to be over-represented in the children who have missed preschool attendances.

We ask government to provide access to additional, 'catch-up' preschool by doubling the existing preschool exemption to 72 subsidised hours per fortnight and extend it until February 2021, up until children start school. This would allow children to attend up to two extra sessions per week through to school starting in February. Ideally, this measure should be applied for the two years before school and on an ongoing basis consistent with the evidence about the benefits of two years of high quality ECEC.

**Recommendation 5:** In order to address financial workforce disincentives, the following additional measures could also be considered as temporary measures for the 2020-21 financial years:

- a. Increasing the Child Care Subsidy rate by 10% at each income threshold (i.e. scaling from 95% for low income families to 30% for high income families).
- b. Removing the annual cap of \$10,373 per year per child as an economic stimulus measure and to remove work disincentives for middle- and high-income earners.
- c. Review the fee caps to ensure they properly reflect the costs of families for shorter sessions of care, the higher costs of younger children, and varying costs in different localities

Investing in early childhood education and care boosts educational achievement, workforce participation and tax revenue, producing a return on investment of 2:1<sup>12</sup>, all of which will be pivotal while the Australian economy recovers from COVID-19 over the coming years.

Since the pandemic, workforce participation fell for both women and men, but fell fastest for women<sup>13</sup>. While male workforce participation fell 3.3% in March to May, female workforce participation fell 4.1% in the same

<sup>8</sup> Brinkman, S., Gregory, T., Harris, J., Hart, B., Blackmore, S. & Janus, M. (2013). [Associations between the Early Development Instrument at age 5, and reading and numeracy skills at ages 8, 10 and 12: a prospective linked data study.](#)

<sup>9</sup> Australian Government. (2014). [Research Snapshot – Early childhood education and care and the transition to school.](#)

<sup>10</sup> These findings consider children in the year before school who were enrolled at the start of the year and were still enrolled as at 31 May 2020. It does not include children who have exited our services. Our analysis of the impacts on children in their preschool year is ongoing.

<sup>11</sup> Consistent with COAG definition this includes: low income families, jobless families, Aboriginal or Torres Strait Islander children, children at risk of abuse and/or neglect, children with an additional need or disability, and children from culturally and linguistically diverse backgrounds.

<sup>12</sup> The Front Project (June 2019), "Economic analysis of early childhood education in the year before school".

<sup>13</sup> The New Daily, 16 July 2020, <https://thenewdaily.com.au/finance/work/2020/07/16/pink-collar-recession-coronavirus/>

period. Further, paid hours worked by women fell 11.5% compared to 7.5% for men<sup>14</sup>. This is particularly concerning given Australia's female workforce participation (73%) is already lower than our peers, i.e. New Zealand (77%), Canada (75%) and Sweden (82%)<sup>15</sup>. Australian women are also more likely to work part-time with 37% of women working less than 30 hours per week, which is well below the OECD average (25%).

Maximising the workforce participation of Australians – particularly women – will be essential, especially with migration to Australia estimated to fall by 85% next year<sup>16</sup> and likely to be constrained for many years. Making ECEC more affordable and supporting women to work an extra day are key mechanisms for boosting workforce participation, which will increase economic growth.

The current Child Care Subsidy taper could be replaced with a simpler, flatter taper providing a subsidy rate of 95% of fees for low income families (currently 85%) tapering to 30% for high income families (currently 20% or zero). The Grattan Institute estimates this would cost around \$3 billion per annum after accounting for income tax offsets but would boost GDP by \$11 billion<sup>17</sup>. This proposal would reduce out of pocket costs for families, providing a stimulus to the economy, as young families tend to spend rather than save.

Another effective measure would be to remove the \$10,560 per child annual subsidy cap for families earning more than \$189,930 per annum. This would reduce the high effective marginal tax rates for secondary income earners picking up additional days, particularly for professional women.

The hourly caps on fees subsidies were set in 2015 as a cost measure to reduce subsidies on high-fee services. Since then, the fee caps have been indexed to inflation but have failed to keep up with the higher cost of care. The number of services exceeding the fee cap has been increasing, according to Departmental data. The fee cap, while an important instrument, is also a blunt one. It fails to account for the higher hourly fee on shorter sessions, for the higher cost of care for younger children (aged birth to three years), and for the varying cost of care by locality. The Minister for Education committed to a review of the fee cap in the latter part of 2020<sup>18</sup>. This review is essential if the fee cap is to continue to be effective and working as intended to minimise subsidies on high-fee services while not impeding the affordability of more mainstream care circumstances.

Key data facts and family insights:

- For families with an income less than \$69,000 per annum, a reduction in income does not result in an increase in subsidy, as the maximum subsidy rate is 85%.
- Of families who ceased care in the last fortnight of free care (to 12 July) or in the first fortnight of the return to Child Care Subsidy (from 13 July), 29 per cent of families were either very low income families (<\$69,000 p.a.) or vulnerable and disadvantaged (i.e. those that were at risk of abuse and neglect, those that had experienced financial hardship, or were in receipt of income support payments).
  - This figure increases to 43 per cent when we include families with a household income under \$100,000.

*We note the increasing support in the community to provide access to free early childhood education and care – particularly recognising the benefits free ECEC would have terms of supporting workforce participation and children's learning and development. We would support a move to free/almost free for all/most families as a key plank of a COVID-19 recovery strategy, providing this was adequately funded.*

*We note that an almost-free model for all families, such as the flat 95% taper rate proposed by the Grattan Institute, could be implemented relatively quickly by leveraging the existing CCS infrastructure.*

<sup>14</sup> KPMG, 23 July 2020, [Gender impacts of COVID 10: Budget update](#).

<sup>15</sup> OECD Labour Force Statistics 2019, [https://www.oecd-ilibrary.org/employment/participation-rates-and-unemployment-rates-by-age-and-sex-australia\\_6eaf76a8-en](https://www.oecd-ilibrary.org/employment/participation-rates-and-unemployment-rates-by-age-and-sex-australia_6eaf76a8-en)

<sup>16</sup> SBS News, 1 May 2020, [Australia's migration intake to fall 85 per cent due to coronavirus, Scott Morrison says](#).

<sup>17</sup> Grattan p. 80, 54.

<sup>18</sup> The New Daily, 19 January 2020, [Education Minister Dan Tehan signals review of what childcare is costing families](#).

## Continue responses in COVID-19 hotspots

**Recommendation 6:** Maintain (or reinstate) transition payments in declared hotspot locations at a minimum rate of 30% CCS (in the relevant reference period), e.g. in declared health disasters areas, when stay at home directions are issued by state health authorities etc, along with Special Transition Payments for centres with low CCS payments.

**Recommendation 7:** Continue provisions to allow providers to waive out of pocket costs (gap fees) for families who are absent in declared COVID-19 hotspot locations.

**Recommendation 8:** Continue the approach of increasing the number of allowable absences per child in hotspot locations consistent with the period of stay at home directions (e.g. 30 allowable absences for a 6-week lockdown period).

**Recommendation 9:** Keep the above measures in place until physical attendances are back to normal, or close to normal (e.g. physical attendances and occupancy match an agreed reference period).

The Australian Government's timely and augmented response to the second wave of COVID-19 in Victoria has been effective in providing continuity of care for permitted workers and vulnerable children as well as stabilising enrolments across the early childhood sector. The hotspot response measures proving effective for both families and providers are: Transitional Payments (30% CCS); Special Transition Payments (10%, 15% and 25% CCS); providing children with extra allowable absences; and allowing providers to waive the gap fees for children who are absent due to COVID-19.

Importantly, it is this suite of policy and funding measures working in combination with each other that is proving successful; in isolation, each of these measures would have been insufficient. While the Transition Payment and Special Transition Payments extend a financial lifeline to providers, the ability to maintain families' bookings through a period of uncertainty and instability has proven equally important.

Key data facts and family insights:

- In March 2020, the impact of COVID-19 saw our booked occupancy fall from 77.3% (with physical occupancy at 70.0%) in February 2020 to 68.9% in March (with physical occupancy at 36.4%), before the Government announced free care under the ECEC Relief Package.
- The current hotspot response in Victoria helped stabilise bookings long before they reached critical levels, with booked occupancy in Stage 4 restricted areas currently sitting at 75%, even though physical attendance is only at 11.8%.
- Family behaviour has been quite unpredictable through the pandemic. There is evidence to suggest that physical attendances seemed to bounce back relatively quickly after the first wave – although this was supported by access to 'free ECEC' for families. We do not yet know to what extent or the pace in which physical attendances will recover after second wave outbreaks, such as those currently being experienced in Victoria.

For these reasons, an ongoing and flexible approach to providing support to families and the sector is required when hotspots emerge and during the transition period back to 'business as usual' for families and local communities.

## Sustainable, early childhood education and care funding (long term)

**Recommendation 10:** Allocate funding across forward estimates to provide long-term, sustainable funding for universal access to preschool for at least 5 years.

There is a wealth of evidence obtained through highly disciplined research about the benefits of preschool for children – particularly vulnerable and disadvantaged children. We can attribute a number of benefits to early childhood education (ECE)<sup>19</sup>:

<sup>19</sup> Pascoe & Brennan (2017), [Lifting our Game](#).



- School readiness: children who participate in a quality ECE program are more likely to start school ready to learn and succeed.
- Long-term educational achievements: the effects of attending quality ECE program are observed in NAPLAN results in primary school as well as PISA, PIRLS and TIMSS results in primary and high school.
- 21st century skills: neuroscience tells us that early learning is when children learn the lifelong skills, including executive function, entrepreneurial skills, risk-taking, innovation, etc.
- Economic benefits: investing in preschool delivers a cost/benefit ratio of 2:1 in Australia<sup>20</sup>.

In March 2020, Education Council publicly released the NOUS review on preschool funding. The review found that the National Partnership Agreement on Universal Access (NP UA) has made a substantial contribution to the provision of preschool in all states and territories. Notably, the review recommends that a new five-year NP UA should be agreed ahead of more enduring funding arrangements from 2026<sup>21</sup>.

This report recommendation reinforces our recommendation to allocate funding across forward estimates to provide long-term, sustainable funding for universal access to preschool for at least 5 years.

**Recommendation 11:** Allocate funding across forward estimates to provide funding universal access to preschool in the two years before full-time school.

There is a wealth of international evidence that shows that two years of kindergarten has more impact<sup>22</sup> than the one year that Australian currently provides, as confirmed in the *Lifting our Game* Report<sup>23</sup>. Current Year 3 NAPLAN reading results in the Victoria and New South Wales are already 18 points higher than the other four states, amplified by lower rates of developmental vulnerability as measured by the AEDC. Without a national leadership approach to rolling out two years of preschool, the education gap between the 'haves' in the larger states and the 'have nots' in the smaller states is set to widen.

For children facing disadvantage, two years of preschool has significant lifelong educational, social and economic benefits. It also supports the establishment of solid participation patterns earlier (e.g. at age three), which can enhance participation at age four. This has been demonstrated in states where a higher proportion of Indigenous children participating in preschool in the year before school can be attributed to the provision of free or near free access to preschool from age three (i.e. Victoria and NSW), whereas states with below-population participation rates do not (i.e. Qld and Tas).

**Recommendation 12:** Across the forward estimates, allocate sufficient funding for Child Care Subsidy to provide all children with a base entitlement of 18 hours subsidy per week (across two days) regardless of activity.

The early years provide the foundation for the rest of a child's life. We know that 80 per cent of a child's brain is developed within the first five years. Children are born ready to learn and the best learning happens in nurturing, positive, stimulating environments. That's why high-quality early learning experiences are so important. By creating these environments, we are providing the best opportunities for children to fulfil their potential.

We believe that the 15 hours for preschool is the minimum base entitlement to early learning. To avoid being left behind, Australia should follow the lead of the United Kingdom, New Zealand and most European countries and offer at least two days of subsidised early learning to all children.

<sup>20</sup> Pricewaterhouse Coopers, June 2019, [A Smart Investment for a Smarter Australia: Economic analysis of universal early childhood education in the year before school in Australia](#).

<sup>21</sup> Nous (2020), [UANP Review: Final Review Report](#).

<sup>22</sup> Mitchell Institute (2016) "Two years of preschool are better than one" <http://www.mitchellinstitute.org.au/reports/two-years-preschool/>

<sup>23</sup> Pascoe & Brennan (2017), [Lifting our Game](#).

**Recommendation 13:** Increase the funding allocation to the Inclusion Support Program (ISP) by: matching funding to the hours a child attends early learning and care (i.e. remove the 25 hours per child limit); providing a one-off 'catch-up' increase in wage subsidies to align with award wages; and index wage subsidies on an ongoing basis.

The Inclusion Support Program aims to support a child's meaningful participation in early learning and support parents' and carers' workforce participation. However, the ISP funding cap (25 hours for an individual child) does not align with CCS eligibility of up to 50 hours per week. Even in a shared care arrangement, which supports more than one child, funding is only provided for up to 40 hours per week.

Since changes to the ISP were implemented in 2016, the hourly rate for the wages subsidy has not increased at all – it has not even been indexed by CPI, let alone award wage increases. In the same period, award wages for early childhood educators have increased 3.25% per annum, on average. For most providers, this compounding impact of the growth in wages is 10.1%.

Key data facts and family insights:

- More than a quarter (26%) of children receiving ISP funding are enrolled for more than 40 hours per week, i.e. higher than the maximum shared care funding limit.
- On average, children receiving Inclusion Support Program funding are enrolled for 31 hours per week.
- Between 2016 – 2020, the hourly rate for the wages subsidy has not increased. In the same period, Goodstart observed a 12% increase in the average hourly wage for ISP staff.

To ensure the ISP continues to achieve its policy objective of supporting children with inclusion support needs to participate in early learning, the wages subsidy must be brought into line with existing wages and be indexed annually, in line with increases in the award wage.

**Recommendation 14:** Increase funding for children and families in early learning impacted by emergencies and natural disasters, including: trauma-informed professional development; access to additional educator support (through the Inclusion Support Program); and fee relief for families through a new disaster category of ACCS Child Wellbeing.

In a country as vast and diverse as Australia, natural disasters have become the norm, rather than the exception. In the past year alone, Australians have experienced floods, cyclones, drought, bushfires and major storms. Each of these events have impacted early childhood services, with many services supporting children and families who have lost their homes and still more centres forced to close or adjust activities in response to emergency situations.

These disasters have highlighted the need for services to be able to provide timely support and fee relief to affected children and families, which we were able to do simply and effectively under the previous child care subsidy system.

**Recommendation 15:** Fund the development and implementation of the National Early Childhood Education and Care Workforce Strategy agreed at COAG Education Council in December 2019.

The *Lifting our Game* report identified building workforce capability as a key initiative in improving the quality of early learning<sup>24</sup>. The looming national shortage of early childhood teachers poses an immediate challenge in maintaining the current national universal access to early childhood education as well as ensuring early childhood services meet the National Quality Framework.

In December 2019, Education Ministers endorsed the development of a new children's education and care workforce strategy. This strategy is vital to address the supply of suitably qualified teachers and educators, particularly in rural and remote areas, ensure there is a pipeline of future teachers in place for a national

<sup>24</sup> Pascoe & Brennan (2017), [Lifting our Game](#).

roll-out of three year old programs, provide professional development and support, and build a continuous learning culture to underpin quality improvement in programming and pedagogy in early childhood education.

We call upon the Australian Government to commit funding for the development and implementation of a National Workforce Strategy for Early Childhood Education.

**If you would like any further information about the contents of this submission, please contact:**

**Myra Geddes**

General Manager, Social Impact

Email: [mgeddes1@goodstart.org.au](mailto:mgeddes1@goodstart.org.au)