

SUBMISSION COVER SHEET



**INDEPENDENT EDUCATION UNION OF AUSTRALIA
PRODUCTIVITY COMMISSION INQUIRY INTO
EARLY CHILDHOOD EDUCATION AND CARE
2023**

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Introduction

The Independent Education Union of Australia (IEUA) welcomes the opportunity to make a submission to the Productivity Commission Inquiry into Early Childhood Education and Care (ECEC).

The IEUA is the federally registered union representing over 75,000 education professionals (teachers and other education staff) in the non-government sector, many of whom work in kindergartens, preschools, and early childcare centres, including both private and not-for-profit organisations.

Increasing the investment in quality early education supports the child, the family, and the country. A positive start in the early years has an impact on learning, health, work, and personal characteristics throughout adult life.

Through this inquiry, Australia has an important opportunity to improve the participation in early childhood education, by removing the 'silo' approaches to the sector which separate 'care' from 'education' and focusing on more consistent and cohesive funding and staffing strategies to support the first five years of a child's life.

The IEUA believes that it is a universal right of all children to have access to quality early childhood education and that the benefits to the Australian community are manifest. For this reason, the IEUA asserts that workforce participation, while an important consideration in the inquiry, should not be prioritised over quality early childhood education and its associated developmental and long-term advantages.

IEUA COMMENTS TO THE INQUIRY

Affordability of, and access to, quality ECEC services that meet the needs of families and children.

Australia invests less in ECEC services relative to GDP than most OECD countries.

According to the OECD's latest *Education at a Glance* report (2021), Australia spent 0.4% of its GDP on early childhood education, which is slightly below the OECD average of 0.5%. When compared to other OECD countries, Australia ranks 17th out of 37 countries in terms of expenditure on early childhood education as a percentage of GDP.

Australia's expenditure on early childhood education also lags behind some of the leading OECD countries, such as Denmark, Norway, and Iceland, which spend over 1% of their GDP on early childhood education.

As a result, Australian households pay more towards early years services than those in other countries but receive less from an early childhood education system that is both

underfunded and disproportionately dependent on private contributions, mainly from parent user fees.

Research demonstrates that for every \$1 invested in early childhood education an average of \$6-\$7 (and in some cases \$17) is returned through improved school readiness, less grade retention, decreased special education placements, higher NAPLAN scores, and increased rates of high school completion and enrolment in tertiary study. In addition, adults who attended quality early childhood education services are less likely to be welfare dependent, have less interaction with the justice system, experience improved physical health and are more likely to be employed with higher income earning potential.

However, early childhood education in Australia is expensive, preventing many families from enrolling their children. This disproportionately impacts socially or economically disadvantaged sections of our community, adversely affecting children's development and women's participation in the workforce, and perpetuating inequity in Australian society.

A further issue for the sector is that Australia is becoming increasingly reliant on private for-profit companies to deliver ECEC services. All recent growth has been captured by the for-profit sector, which now constitutes fully half of all service provision.

Not-for-profit and public provision has declined in both absolute and relative terms.

While the ownership structure of early childhood education services is not necessarily an indicator of quality, the not-for-profit services invest funds in the service rather than directing them to shareholders or owners. This ensures investment in program improvements, staff training and service resources. Coupled with community ownership and engagement, this makes a not-for-profit service more responsive to the needs of families and children.

The ACECQA snapshot of the National Quality Ratings confirms that not-for-profit preschools and kindergartens have the highest number of services rated as Exceeding National Quality Standards at 55.7%:

<https://snapshots.acecqa.gov.au/Snapshot/overallratings.html#Exceeding>

Enhancing conditions in preschools, including shorter hours for the children, more programming time, and professional development for staff, means a more stable workforce and better outcomes for children. The IEUA does not support changing the preschool structure to mirror long day care services as a response to parent demands for longer hours of attendance for children. Education outcomes are equally as important to the Australian community as increased engagement in the workforce.

Another aspect to be considered is the impact of the changes to the Childcare Subsidy, with more families choosing long day care services as a result. A consequent increase in the demand for centre-based preschool programs in long day care centres is likely. Not only will this place pressure on the funding of preschool programs within these services,

it will also raise staff supply concerns for community-based preschool and kindergarten services. Recruitment of staff to deliver preschool programs in long day care centres is likely to be extremely difficult, as teachers are likely to prefer employment in schools and preschools.

The IEUA contends that the existing silo approach to the early childhood sector impacts not only the quality of delivery of preschool programs, but also the availability and accessibility of choice for families. It is time for government to move to a model of direct funding of early childhood services to pay teacher salaries and ensure consistent and guaranteed funding for quality early learning education for all children from birth to school age.

The formal review of the National Partnership Agreement on Universal Access to Early Childhood Education (NPA), commissioned by the Council of Australian Governments Education Council, found that the ad hoc annual renewals of the NPA were a barrier to quality preschool provision. The review recommended that a National Agreement allocate funding across the forward estimates (for five years) to provide long term, sustainable preschool funding. The IEUA supports the change in 2022 that secured ongoing funding certainty for a period of four years and hopes to see an extension of guaranteed funding periods.

Guaranteed funding should provide:

- universal preschool that is either low cost or free for children 3-5 years to ensure equitable access for all children;
- appropriate rates of pay for teachers (which match the going rates for teachers in other education sectors) and qualified educators;
- sufficient funding to ensure that ECEC is both affordable for families and gives services the capacity to recruit and retain qualified staff;
- additional needs funding that meets the true costs of providing support for children with additional needs, trauma and behaviour diagnoses, in order to allow full participation in learning activities and ensure the safety and wellbeing of all children in the program and
- improved access and services in regional areas.

IEUA RECOMMENDATIONS

Increase investment into quality early childhood education, particularly in the not-for-profit sector. A universal 90% subsidy, regardless of family income and work activity, is a welcome initiative.

Reassess the 'silo' approach to funding, which separates childcare and preschool education. A model of direct funding of early childhood services to pay teacher salaries would ensure consistent and guaranteed support for quality early learning education for all children from birth to school age.

Establish a National Agreement to allocate funding across the forward estimates as a positive short-term mechanism that provides certainty for services.

Review all funding mechanisms, including the Childcare Subsidy and the National Reform Agreement for Preschools, to consider a more universal funding mechanism for early years learning and further provide the necessary increases to meet growing demand while supporting parental choice for community-based preschool/kindergarten.

Developmental and educational outcomes for Australian children, including preparation for school.

In order to secure the benefits of early childhood education programs and achieve the outcomes of *Belonging, Being & Becoming: The Early Years Learning Framework for Australia V2.0, (EYLF)* transition to school programs must be developed and implemented by qualified teachers.

Children deemed developmentally vulnerable according to the Australian Early Development Census (AEDC) or the Australian Early Development Index (AEDI) should receive additional support or funding, regardless of whether they have an official diagnosis. Similarly, funding should not be dependent on parental acquiescence. The IEUA notes that the Nationally Consistent Collection of Data on School Students with Disability (NCCD) process allows schools to access funding based on the support they are already providing to students in their care. A similar scheme for the ECEC sector would address significant funding shortfalls and allow teachers and educators to provide appropriate support.

Inadequate access to allied health professionals to provide screening (such as vision and hearing assessments) and specialist services (including psychologists, occupational therapists, physiotherapists, and speech therapists) plagues the sector and significantly delays developmental improvements for children.

IEUA RECOMMENDATIONS

Transition to school programs must be developed and implemented by qualified teachers.

Children deemed developmentally vulnerable according to the AEDC, (or AEDI) should be allocated additional support and funding, in the same way that NCCD funding is applied in schools.

The ECEC sector needs better access to allied health services and support.

Outcomes for children and families experiencing vulnerability and/or disadvantage, First Nations children and families, and children and families experiencing disability.

According to the 2021 *State of Early Learning in Australia* report, around 31% of children aged 0-5 years in Australia are not enrolled in any form of early childhood education service.

The report further highlights that children from disadvantaged families or communities are less likely to attend ECEC services than their peers, as outlined below:

- 63% of children from the most disadvantaged communities attend ECEC services, compared to 85% of children from the least disadvantaged communities.
- 52% of Indigenous children attend compared to 73% of non-Indigenous children.

Further evidence from ABS 2022 demonstrated that 17% of all children enrolled in a preschool program resided in the first *Socio-Economic Indexes for Areas* (SEIFA) quintile, that is, the quintile representing the most disadvantaged.

Many studies have indicated a strong link between increased funding for children experiencing disadvantage, and developmental and learning improvements gained as a result of the additional support, both in terms of pre-school learning outcomes and future success at school.

Outreach by services providing resources, language/cultural support, diagnostic and assessment services, and partnerships in the local community, are crucial in increasing attendance in these groups.

IEUA RECOMMENDATIONS

The IEUA believes that early childhood funding must be comprised of both universal supports to enable all children to access quality early childhood education services and targeted interventions to ensure the participation of those facing significant barriers.

Government funding must recognise the geographic, socio-economic and cultural factors that inhibit families' access to services. This particularly applies to rural and remote communities, indigenous communities, culturally and linguistically diverse families and families where children and/or parents have a disability.

ECEC sector workforce requirements and the capacity to meet these requirements within current Commonwealth, state, and territory initiatives.

It is not simply that Australia needs early childhood education services that are available and affordable. The quality of the services is as essential as the quantity.

Research has demonstrated a very strong link between the quality of the early learning and care workforce and the outcomes for young children:

The most influential factors affecting quality across the age groups are the education qualification and training of the workforce'. (Pasco S and Brennan D 2017 Lifting our Game pp 62 – 63)

The existing 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 that services meet the National Quality Framework.

There are a number of factors contributing to workforce shortages in the ECEC sector.

- Inequitable salaries: early childhood teachers earn lower salaries compared to teachers in schools. This deters teaching graduates from entering the sector and inevitably impacts on retention.
- Inadequate access to induction and mentoring, lack of support for attainment of accreditation, and difficulties connecting to professional networks lead to job dissatisfaction and retention issues.
- Working conditions: the early childhood workforce faces challenging working conditions including long hours (which includes the absence of preparation time, comparable to that provided in schools, for the educational program for teachers) untenable compliance requirements, and the daily difficulties of working with children with complex needs without appropriate support.
 - Preschool is funded for 15 hours per week, so instead of attending 6 hours per day, children now attend 7.5 hours per day in preschool. Teachers have lost set up, pack away, and critical reflection time that used to happen before and after children were in attendance. Teachers working 7.6 hours per day have only 15 minutes per day where children are not at the preschool with them. Teachers in long day care can be face-to-face for 8 hours minus their lunch break every day.
 - Inadequate access to allied health or insufficient needs-based funding results in teachers frequently dealing with students who present with learning difficulties, medical diagnoses, and trauma or family violence-based behaviours without support. There are many reports that these risks have escalated post-pandemic.
- Insufficient measures to address existing teacher shortages in the sector: teachers are not getting their lunch breaks or programming time (even the minimum amount as per the Award) because of staff shortages. In addition, the 2 hours in the Award applies where there are less than 10 children (for example, in a 0-2 years or 2-3 years room) or 50 children per week to document (for example, preschool teachers.)
- Excessive workloads: the IEUA supports the National Quality Framework. However, layering of documentation and excessive detail requirements,

sometimes by employers, is resulting in unsustainable levels of paperwork. Additional workloads added by employers may include the establishment of special “projects” to be undertaken by teachers, such as research projects and other initiatives designed to make their centre stand out for marketing purposes. Pressure to meet the exhaustive criteria required to gain an Exceeding rating under the NQF is another significant workload intensifier.

- Limited career advancement opportunities: unlike other areas of education, limited opportunities exist for career advancement in early childhood services.
- Lack of status: there is a community perception that early childhood education compares unfavourably to other education careers, mainly due to the feminisation of the workforce, the notion of ‘child caring’, and inequitable salary and conditions.

It must further be acknowledged that, in supporting the principles of affordability and accessibility of early childhood education, the increased demand that will follow from a more affordable Childcare Subsidy will be a challenge for the capacity and workforce shortages already being experienced across the sector nationally.

Individual state efforts to address workforce development do not have sufficient resources to address the challenges that the sector faces.

A national approach focused on addressing the underlying causes of the workforce shortage is essential, in particular the low rates of pay when compared to other professions, excessive and duplicative compliance requirements, superfluous paperwork demands and appropriate support for students with additional needs.

IEUA RECOMMENDATION

The IEUA calls upon the Commonwealth Government to provide direct funding to services to finance teacher salaries and address wage and salary disparities and engage actively with employers and services to address workload intensification.

The focus of measures to address the teacher shortage must not be weighted towards recruitment. To ensure a strong teacher workforce in early childhood education and care an urgent review of salaries and workload intensification will be necessary to stem the critical retention issues being experienced across the profession.

Interactions with existing and planned Commonwealth, state and territory ECEC policy settings and funding.

The work activity test has been a requirement for families to qualify for the Commonwealth Child Care Subsidy (CCS) in Australia.

Evidence is available that the most disadvantaged children from non-working households are being excluded from access to sufficient hours for childcare because parents do not meet the requirements of the activity test, which is based on parental work or study.

Data available from the Department of Education, Skills and Employment, March 2021 quarter, shows that:

- 11% of families who had a CCS entitlement had no work activity test hours in the reference period and therefore did not receive CCS payments and
- 24% of families had at least one parent with some work activity test hours in the reference period. However, they did not meet the minimum requirement and therefore did not receive the full CCS entitlement.

It is important to note that the work activity test is one of several criteria used to determine eligibility for CCS. Families may also need to meet other requirements related to residency, income, and service usage.

The OECD's research highlights the importance of access to high-quality early childhood education programs for three-year-olds, particularly for children from disadvantaged backgrounds.

The IEUA believes that a Commonwealth and State/Territory funded early childhood workforce initiative is fundamental to the implementation of the three-year-old preschool programs. The increased demand from this initiative, coupled with that of changes to the CCS, will be a challenge due to service capacity and workforce shortages already being experienced across the sector.

IEUA RECOMMENDATIONS

The IEUA supports the removal of the activity test within the childcare subsidy as a strong lever to support greater engagement in early childhood education and care by disadvantaged children.

The IEUA supports an effective, well-funded and well-resourced system of universal three-year-old preschool across Australia and believes that by addressing barriers to access and promoting quality, Australia can ensure that all children have the opportunity to benefit from early learning experiences.

CONCLUSION

The IEUA believes that quality early childhood education should be provided for all children, regardless of socio-economic background, learning needs, cultural or linguistic diversity, or location. It should be delivered by tertiary qualified early childhood education teachers supported by trained early childhood educators and other support

professionals who provide secure, safe, engaging, and supportive early learning environments for the children in their care.

Such quality early childhood education can only be delivered where there is certainty of government funding, services are affordable, workloads are manageable, and centres have fast and reliable access to allied health services and supports.

The IEUA calls for a review of all funding arrangements, including the Childcare Subsidy and the National Reform Agreement for Preschools, to consider a more universal funding mechanism for early years learning and provide the necessary increases to meet growing demand, while supporting parental choice for community-based preschool/kindergarten education.

The IEUA believes that Federal and State/Territory governments have a shared responsibility to guarantee certain delivery of high quality, affordable early childhood education to all children across Australia.

The IEU remains ready to engage with governments and other stakeholders to meaningfully address the challenges in the Early Childhood Education and Care sector.

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