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Submission to Productivity Commission Early Childhood Development Workforce Study

LHMU – The Childcare Union

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1. Introduction

1.1. About LHMU

LHMU, Australia's childcare union, has been actively campaigning for reform in early childhood education and care (ECEC) through our Big Steps in childcare campaign. We envisage a future childcare sector to be a caring, supportive and stable learning environment for all Australian children and families. LHMU represents more than 100,000 early childhood education and care professionals working across all of Australia's children's services.

LHMU members will support the right solutions to strengthen the ECEC workforce and the sector. LHMU members include both qualified practitioners and workers without formal qualifications of all experience levels. LHMU members are employed both in frontline education and care positions as well as in supervisory roles. As such, they are in the best position to know what support is needed to not only fulfil current work responsibilities, which have been increasing over time, but also to successfully implement an effective training and upskilling agenda.

1.2. Executive Summary

In recent years, ECEC has gained recognition as an essential sector which fulfils key educational and workforce participation goals. Recent government quality reforms have raised expectations for a long-overdue overhaul of the ECEC system. Although a qualified workforce is widely recognised as key to ensuring high quality ECEC, educators continue to be underpaid while also suffering low status, lack of career paths and inadequate training opportunities. The sector's labour market is in crisis: centres simply cannot retain existing staff or recruit new staff. Effective solutions are urgently needed to reverse entrenched labour market failures. LHMU contends that in order to meet key policy objectives, workforce development challenges, including poor labour retention and staff and skill shortages, must be overcome. These solutions must include new ways of funding the sector, to raise wages through targeted funding in order to attract and retain staff. Sufficient and appropriate training and professional development opportunities need to be provided to childcare professionals on whom quality ECEC depends.

1.3. Recent Policy Reforms

The Australian Government has made significant policy commitments to support the Early Childhood Education and Care (ECEC) sector. This has included recognising ECEC as an essential human service with broad social implications for childhood education, welfare, inclusion and workforce participation. Since 2007 federal and state governments embarked on a series of policy initiatives through the COAG process to support the vision that all Australian children have access to high quality education and care.

The policy direction offered by the National Quality Framework presents valuable opportunities to address part of the long-standing workforce crisis, incorporating measures to improve staff to child

ratios and to ensure minimum qualifications. The nationally consistent quality standards comprise a significant first step towards professionalising the ECEC workforce and ensuring high quality service provision. COAG's decision to improve ratios and to enshrine mandatory qualifications in the new national standards rests on evidence that shows skills, knowledge and professional practices are essential to maximising the capacity of ECEC services to provide high quality education and care. Yet, despite this, deep structural problems remain within the ECEC sector. A legacy of policy fragmentation underlying the growth of the sector in Australia over the past decades has resulted in chronic under-investment in the childcare workforce across the sector.

The COAG quality reforms require a large-scale increase in total staff numbers and a comprehensive transformation in the profile of the workforce. To achieve these goals, the Australian Government committed \$126.6 million over four years to remove TAFE fees for diplomas and advanced diplomas, create additional university places for early childhood teachers, and subsidise the HECS-HELP debt of teachers working in areas of high disadvantage. Unfortunately, these measures do not support workers needing to undertake Certificate III training, the new minimum standard for those working in the sector. This is alarming, considering that an estimated additional 16,500 Certificate III qualified workers will be required by 2014.¹ Current workforce initiatives fall short of addressing the lack of career structures and wage incentives needed to encourage workers to remain in the sector and to undertake further study or training.

Ensuring stability in the workforce is crucial to improving the quality of care experienced by children and meeting COAG policy outcomes. 'Continuity of educators and coordinators at the service' is being adopted as one of the key new quality standards in the *National Quality Standard for Early Childhood Education and Care and School Aged Care* released in December 2009.² In order to meet these standards, initiatives need to be developed to address the underlying causes of poor recruitment and low retention in the sector, including:

- the low wages of underpaid childcare workers;
- lack of support for training and professional development; and
- the low status of the profession.

1.4. Summary of Recommendations

Recommendation 1: Professional Wages

LHMU believes that qualified childcare educators deserve professional wages. In order to resolve the issues of retention and attraction in the ECEC sector, wages must be commensurate with the skills, responsibilities and expectations required of the workforce and with the social value of quality care. For reform to be meaningful and lasting, pay needs to increase across the entire sector (rather than

¹ This figure was calculated using projected actual staff numbers for 2010 from data in the Department of Human Services Victoria (July 2006), *National Children's Services Workforce Study*. We assumed that the percentage of workers without a formal qualification remained at about 30% and used projected actual staff numbers for 2010.

² See standard 7.1.2, Early Childhood Development Steering Committee, (December 2009), *National Quality Standard for Early Childhood Education and Care and School Aged Care*, COAG, http://www.deewr.gov.au/EarlyChildhood/Policy_Agenda/Quality/Documents/NQStandardChildEdu.pdf

in isolated cases) and in a manner that will ensure that any gains are permanent and do not suffer from erosion over time relative to workers in other occupations.

Recommendation 2: Reform Government Funding

LMHU advocates the strategic use of supply-side funding in order to reverse some of the market failures and negative dynamics which are the product of a funding system based almost entirely on subsidising parental affordability. The most effective method to increase wages in the sector is through a Commonwealth-funded professional wages subsidy. Such a subsidy should be incorporated into a new workforce development funding stream, developed as part of the current National Early Years Workforce strategy, to incentivise providers' commitment to workforce development while keeping the pressure on parental costs to a minimum. When adequately supported financially, services will have real capacity to invest into their workforce while avoiding the 'trade-off' between quality and parental affordability.

LHMU is calling on the federal government to commit to the introduction of a new *workplace development funding stream* in order to raise the remuneration of childcare educators to levels commensurate with their skills and qualifications.

Recommendation 3: RPL Process

LHMU is calling for the creation of a universal and formal recognition of prior learning (RPL) process, articulation agreements between VET and HE sectors and the creation of funding structures to allow for one day a week of release time for staff to undertake study.

The process must apply to all students and practitioners with skills and experience and must:

- be free and readily accessible to all staff in the childcare sector;
- allow for assessment to be carried out in paid work or study time;
- result in a recognised qualification;
- involve at least one session of group face to face learning; and
- ensure that candidates are provided with clear and accessible information about the RPL process that includes credit transfer and articulation opportunities between VET and HE.

Recommendation 4: Fee-free Certificate III funding

LHMU contends that, in addition to fee-free RPL opportunities, the fee-free places for diploma candidates should be extended to include fee-free places for Certificate III candidates to enable the required number of people to obtain the necessary qualifications.

2. Productivity Improvement – the Importance of *quality* education and care

ECEC is an essential service fulfilling key social outcomes. In addition to enabling higher workforce participation rates, a conclusive body of national and international research reveals that high quality education and care environments lead to positive child development and influence later-life outcomes. In turn, the benefits of high quality ECEC do not cease at the individual parents and children who avail of such services, instead flowing on to the broader community.

2.1. Workforce Participation

A key function of ECEC is to enable greater workforce participation. Of the 624,639 Australian families who used childcare services in the September quarter 2009, two-thirds utilised long day care. The rapid expansion of long day care over the past two decades has seen women's workforce participation increase from 52% in 1991 to 58% in 2010.³ The economic impacts ECEC in terms of workforce participation are massive; a recent study from the UK found that for every £1 paid to a child care professional, £7.20 in value is generated from the capacity that the child's parents gain to engage in employment.⁴ However, affordability of ECEC does not in itself enable workforce participation; the role of government in ensuring quality in the ECEC sector, and the funding model chosen to ensure this quality, have an equally important role to play. Recent research undertaken by Treasury reveals that women's workforce participation is not only sensitive to childcare affordability, but also to various non-price factors relating to ECEC provision. Importantly, the study found that perceptions of quality education and care were equally important factors in shaping women's decisions to participate in the workforce.⁵

2.2. Child Development and Social Outcomes

An extensive research base supports the conclusion that high quality ECEC is associated with both positive short and long term benefits for child development. These benefits are especially pronounced for children from socially disadvantaged backgrounds. There is evidence to suggest that low quality ECEC, on the other hand, can have detrimental outcomes.⁶ The provision of quality ECEC services leads to a variety of benefits for the community as a whole, including higher future tax revenues, greater workforce productivity, and reduced welfare dependency. Researchers from diverse academic backgrounds have identified a variety of individual child development and social benefits:⁷

³ DEEWR, Office of Early Childhood Education and Care, *State of Child Care in Australia*, April 2010, 2, 4.

⁴ Eilis Lawlor, Helen Kersley and Susan Steed (2009), *A Bit Rich: Calculating the real value to society of different professions*, New Economics Foundation, p. 31

⁵ Robert Breunig and Xiaodong Gong, *Child Care Availability, Quality and Affordability: Are Local Problems Related to Maternal Labour Supply?*, Treasury Working Paper, 2010 – 02, April 2010.

⁶ Centre for Community Child Health, (2006), *Policy Brief No. 2: Quality in Children's Services*, The Royal Children's Hospital, Melbourne.

⁷ The following list is adopted from a literature review by Raban, B., (2000) *Just the beginning...* The Commonwealth Department of Education, Training and Youth Affairs. McMillan Printing Group, Canberra, cited in Australian Industrial Relations Commission (2005), *Australian Liquor and Hospitality Miscellaneous Union re Child Care Industry (Australian Capital Territory) Award 1998, Children's Services (Victoria) 1998 [PR 954938]*

- increased secondary school completion;⁸
- positive socialisation outcomes;⁹
- increased outcomes for girls;¹⁰
- a lack of year repetitions and reduced intervention;¹¹
- more settled behaviours;¹²
- aspirations for education and employment, motivation and commitment to schooling;¹³
- the prevention of chronic delinquency¹⁴ or crime/anti-social behaviour;¹⁵ and
- increased benefits with longer periods of time in early childhood programs.¹⁶

Given these benefits, any attempts to define and measure productivity in ECEC should look beyond improved workforce participation alone and take into consideration the full range of individual and social benefits associated with quality care.

2.3. The role of the ECEC workforce

"We are, for many parents, an extended family. We often double as support workers. There have been many times where I've actually helped first time, or single parents who just aren't coping, deal with difficult children, or children who won't sleep. Our job extends far beyond everyday education and care".

Shirley, assistant director, Tasmania.

⁸ Roderick, M (1994), 'Grade retention and school drop-out: Investigating the association', *American Educational Research Journal*, 31(4), 729-759.

⁹ Johnson, D and Walker, T (1991), 'A follow-up evaluation of the Houston Parent Child Development Centre: School Performance', *Journal of Early Intervention*, 15 (3), 226-236.

¹⁰ Caughy, MO, DiPetro, J, and Strobino, M (1994), 'Day-care participation as a protective factor in the cognitive development of low-income children', *Child Development*, 65, 457-471.

¹¹ Barnett, WS (1995), 'Long-term effects of early childhood programs on cognitive and school outcomes', *The Future of Children*, 5 (3), 25-50; Campbell, FA and Ramey, CT (1994), 'Effects of early intervention on intellectual and academic achievement: A follow-up study of children from low-income families', *Child Development*, 65, 584-698.

¹² Rowe, KJ and Rowe, KS (1997), 'Inattentiveness and literacy achievement: The interdependence of student and class/teacher effects', *Journal of Paediatrics and Child Health*, 33 (4) A20.

¹³ Rutter, M (1985), 'Family and social influences on cognitive development', *Journal of Child Psychology*, 26 (5), 683-704; Sylva, K (1994), 'The impact of early learning on children's later development' in C. Ball (Ed) *Start Right: The importance of early learning*, London: Royal Society of Arts Manufacturing and commerce, 1-18; Sylva, K (1994), 'School influences on children's development', *Journal of Child Psychology and Psychiatry*, 35 (1), 135-170.

¹⁴ Yoshikawa, H (1995), 'Long-term effects of early childhood programs on social outcomes and delinquency', *The Future of Children*, 5 (3), 51-75.

¹⁵ Commonwealth of Australia (1999) *Pathways to prevention: Developmental and early intervention approaches to crime in Australia*. National Crime Prevention, ACT: Attorney-General's Office.

¹⁶ Reynolds, AJ (1995), 'One year of pre-school intervention or two: Does it matter?' *Early Childhood Research Quarterly*, 10, 1-33; McCain M and Mustard JF (1999) *Early Years Study: Reversing the real brain drain*. Final Report to Government of Ontario, Canada (www.childsec.gov.on.ca); Kolb B (1989), 'Brain development, plasticity and development', *American Psychologist*, 44 (9), 1203-1212.

There is consensus in both local and international research that quality ECEC outcomes are determined by the presence of nurturing, stimulating and stable relationships between child and educator.¹⁷ Quality ECEC is dependent on:

- the amount of time an educator has to develop individual relationships with children;
- continuity of these relationships over time; and,
- qualifications that inform the educator's understanding of early childhood development.

The health and stability of the ECEC workforce is of paramount importance in achieving quality outcomes for children.

As part of the daily work process, childcare educators perform a variety of professional tasks integral to the delivery of high quality education and care. Workers educate children according to leading child development pedagogy, ensuring that play-based programs cater to each child's individual needs. Assisting with the daily design and implementation of programs, they offer guidance and reflect positive role models for children. Educators are required to ensure high standards of quality, safety and hygiene in the centres, and to exercise observation and evaluation skills to document, plan and report on the progress of children. They often undertake formal or informal mentoring of co-workers, while also engaging in routine cleaning tasks and making use of their creative abilities with arts and crafts activities for children. Childcare professionals report that they often find themselves performing the task of social workers, mediating conflict and communicating with children, families and fellow staff to support parents and their needs through counselling and advice.

3. The Workforce Crisis: Low retention and the Skills Gap

Despite the importance of childcare educators in ensuring quality across a range of functions within ECEC, childcare as *paid professional work* remains underpaid and socially undervalued. Childcare professionals face a nexus of issues including low wages, lack of recognition and status, limited career pathways and difficulties in gaining access to appropriate training. These conditions result in high labour turnover, leading to staff and skill shortages at a high cost for employers, parents and taxpayers.

¹⁷ Rush, *Child Care Quality in Australia*, p. 12; National Scientific Council on the Developing Child (2004), *Working Paper 1: Young Children Develop in an Environment of Relationships*, (Harvard University), p. 4; Shonkoff, J.P., & Phillips, D. (Eds.) (2000). *From neurons to neighborhoods: The science of early childhood development*. Committee on Integrating the Science of Early Childhood Development, (Washington DC: National Academy Press); Phillips, D., Mekos, D., Carr, S., McCartney, K., & Abbott-Shim, M. (2000), 'Within and beyond the classroom door: Assessing quality in child care centers', *Early Childhood Research Quarterly*, Vol. 15, Issue 4, 475-496; NICHD Early Child Care Research Network (1996), 'Characteristics of infant child care: Factors contributing to positive caregiving', *Early Childhood Research Quarterly*, Vol. 11, Issue 3, 269-306; NICHD Early Child Care Research Network (2000), 'Characteristics and quality of child care for toddlers and preschoolers', *Applied Developmental Science*, Vol. 4, Issue 3, 116-125; Smith, AB (1996), 'Early childhood educate: Quality programmes which care and educate', *Childhood Education - International Focus Issue*, 72 (6), 330-336; Smith, AB (1999) 'Quality childcare and joint attention', *International Journal of Early Years Education*, 7(1), 85-98; Kagan, SL, and Neumann, MJ (1996) 'The Relationship between Staff Education and Training and Quality in Child Care Programs', *Child Care Information Exchange*, 107, Jan-Feb, 65-70.

"We're open 51 weeks of the year. On an average day, between office work, programming and time on the floor with the children I work from 8am – 7pm. And yet I remain low paid. Nobody would expect primary school teachers to work under these conditions, yet I provide quality education to children too".

Luke, childcare director, Tasmania.

The last comprehensive study of the ECEC workforce revealed that most states experience an acute undersupply of staff, particularly in long day care (LDC). According to projections from the 2006 National Children's Services Workforce Study there is a growing shortfall of workers in LDC which is expected to reach 6,490 staff by 2013.¹⁸ According to this data, unfilled positions were highest for qualified workers in LDC, and over 35% of services were using staffing exemptions to allow staff without formal qualifications to fill vacancies for qualified staff.¹⁹

It is important to note that ratio changes arising from the COAG quality reforms will exacerbate the current qualified labour shortage. Changes to minimum qualifications will require a large-scale transformation in the profile of the workforce. From January 2014, the Certificate III qualification will become a minimum entry-level requirement and at least 50% of the workforce will need to hold a Diploma or Degree qualification. Yet, recent data reveals that there is currently a massive gap between those targets and the realities of the workforce. Of all workers employed in children's services, 36.6% hold no formal qualification, 26.7% hold a Certificate III qualification and 36.8% a diploma or higher.²⁰ LHMU estimates almost 16,500 additional long day care staff will require a certificate III by 2014.²¹

Table 1: Staff breakdown by qualifications (ECEC sector, 2008-9).²²

Qualification Level	Number of Workers	Percentage
Cert III	25,660	26.7%
Diploma	25,490	26.5%
Teacher	9,860	10.3%
No formal qualification	35,170	36.6%
<i>Total</i>	<i>96,170</i>	<i>100%</i>

Closing the skills gaps will be made difficult by retention problems in the sector. Job turnover across all ECEC services stood at 32% in 2004.²³ In 2005, the Department of Employment and Workplace Relations found that 50% of job openings for childcare workers and 80% for coordinators resulted

¹⁸ Department of Human Services Victoria (July 2006), *National Children's Services Workforce Study*, p. 5. It is possible that the workforce growth rate since 2006 may have been higher than this projection. The Workforce Study assumes a growth in LDC workforce supply of 1.4%, whereas ABS data reveals an average 3.74% growth rate between 2005 and 2010 for the workers in childcare professions as a whole.

¹⁹ Ibid, p. 49

²⁰ *Productivity Commission Report On Government Services: Children's Services 2010*, Table 3A.29.

²¹ This figure was calculated using projected actual staff numbers for 2010 from data in the Department of Human Services Victoria (July 2006), *National Children's Services Workforce Study*. We assumed that the percentage of workers without a formal qualification remained at about 30% and used projected actual staff numbers for 2010.

²² *Productivity Commission Report On Government Services: Children's Services 2010*, Table 3A.29.

²³ Community Services Ministers' Advisory Council (2006), *National Children's Services Workforce Study*, p. 48

from staff leaving their occupations,²⁴ whereas the Workforce Study found that of all ECEC workers leaving their jobs, 75% were also leaving the sector.²⁵ We can extrapolate from these figures an estimate of 15,000 childcare professionals leaving the sector each year. Significantly, qualified workers are just as likely to leave the sector as workers without a formal qualification, with job turnover rates only marginally lower for workers with higher qualifications:

Table 2: Job turnover by job classification over 12 months (Australia)²⁶

Qualification/position level	Job turnover
Director/coordinator/teacher in charge	28%
Preschool/kindergarten teacher	25%
Qualified contact worker	34%
Contact worker – no formal qualifications	37%
Other	25%
Total	32%

LHMU has campaigned for many years to improve the structural conditions creating this situation. Childcare professionals have repeatedly voiced the reasons for the low retention: low pay, chronic understaffing, high workloads and unstable care arrangements across the sector result in high turnover. Such conditions exacerbate stresses on the workforce, leading to even more dedicated childcare professionals leaving their occupations. Workforce instability negatively impacts upon outcomes for children. To resolve the workforce crisis, targeted government funding directed towards workforce development is required.

“With the pay rates so low, there is no real incentive to stay in the sector. My family has now grown up so I can afford to work in the sector, but there is no way you could support a family on it. There is also the prevailing perception that it’s ‘women’s work’ and not given the value in wages that it’s worth”.

Bronwyn, 15 years experience in the sector.

Low labour retention in the ECEC sector has a number of negative effects, including:

- *Effects on quality of service provision.* Quality of childcare is shaped by the capacity of staff to form stable and trusting relationships with children. For this reason, continuity of educators and coordinators is recognised as a key determinant of quality within the new National Quality Standards. Staff shortages and turnover disrupt these relationships, resulting in high levels of stress for children and staff. Children who spend prolonged periods

²⁴ Frances Press, (2006), *What about the kids? Policy directions for improving the experiences of infants and young people in a changing world*, p. 43; Community Services and Health Industry Skills Council (2005), *Industry Skills Report*, Industry Skills Council, p. 53.

²⁵ Department of Human Services Victoria (July 2006), *National Children’s Services Workforce Study*, p. 54

²⁶ *Ibid*, p. 48

of time in stressful environments develop either too high or too low levels of cortisol, which adversely impacts on their brain development and results in negative developmental outcomes: cognitive, social and emotional.²⁷ Research undertaken by Margaret Simms reinforces the evidence for the impact of low quality early childhood environments on the production of cortisol and resulting developmental outcomes.²⁸

- *Effects on profitability and sustainability of services.* Labour turnover imposes a significant cost on business, affecting the profitability and financial sustainability of ECEC services. Not only does high turnover involve direct costs, such as the need to fill-in vacancies with casual labour and select and recruit new staff members, but it can also result in intangible impacts such as the potential for lost business as a result of parents withdrawing children from centres concerned about the impact on their children. Based on previous studies involving workers in comparable sectors, the cost of turnover to employers has been estimated to be as high as 120-150% of the annual wage of the departing employee.²⁹
- *Effect on service affordability.* Parents indirectly subsidise the business costs associated with high labour turnover since these costs are typically absorbed into fee structures.
- *Effects on the efficiency of government spending.* The bulk of revenue for both private and not-for-profit childcare operators is derived from government-funded subsidies to parents. The cost of high turnover affects the efficient allocation of these resources. Furthermore, when qualified workers depart the sector, this imposes additional inefficiencies and wastage on government investments aimed at training and educating new childcare professionals.

3.1. Low Pay

The low pay of childcare professionals is an underlying cause behind retention issues in the ECEC sector. We can define workers in the sector as low paid due to:

- low wages and award dependency;
- absence of pay parity between the ECEC and school sector;
- lack of opportunities for career progression;
- expectations for performing unpaid labour;
- lack of adequate programming and staff development time;
- inadequate sick leave; and
- workers themselves being asked to pay for education and care materials.

²⁷ Gunnar & White, (2001). Salivary cortisol measures in infant and child assessment. In L.Singer & P. Zeskind (Eds.), *Biobehavioural assessment of the infant*. pp. 167-189. New York: Guilford Press.

²⁸ Sims, M., Guilfoyle, A., & Parry, T. (2005). What cortisol levels tell us about quality in child care centres. *Australian Journal of Early Childhood*, 30 (2), 29-39; Sims, M., Guilfoyle, A., & Parry, T. (2006). Children's cortisol levels and quality of childcare provision. *Child Care, Health and Development*. 32(4), 425-466.

²⁹ See, for example, Pay and Employment Equity Unit, Department of Labour New Zealand (2009), *Spotlight: A Skills Recognition Tool*, http://www.orgmanagement.unsw.edu.au/contribute2/OrgManagement/ResearchCentres/IRRC/documents/ResearchReportandBibliography_000.pdf, pp. 34-35; and http://www.orgmanagement.unsw.edu.au/contribute2/OrgManagement/ResearchCentres/IRRC/documents/UserGuide-IntroductionforManagers_000.pdf, p. 13

The low pay of childcare professionals is significantly subsidising access to education and care for thousands of Australian families.³⁰

Remuneration in the children's services sector is largely award-dependent. There has been a historical prevalence of minimum wage awards, and although federal pay equity and work value decisions since 2005 have resulted in limited wage improvements, these increases have not resulted in genuine wage justice. Significantly, the gains made have largely been eroded. Under the federal modern award, as of July 2010 a qualified Certificate III childcare worker earns \$17.46 per hour, or just \$2.46 above the minimum wage.

The *Children's Services Award 2010* sets the benchmark for wages in the sector. Although award rates are generally conceived as the *minimum standard* in childcare they are the predominant *actual rate* paid. Even in cases where rates are paid above the award these are rarely higher by a substantial amount. This differs from other (predominantly male-dominated) industries where award rates are seen as a minimum standard and the majority of the workforce is paid substantially above award.

In tandem with low wages, the sector is characterised by a relatively 'flat' career structure, with little financial incentive for childcare professionals to upskill. The following table sets out the hourly differential in the *Children's Services Award 2010*, compared to the minimum wage:³¹

Table 3: Comparison between Children's Services Award 2010 and minimum wage

Level	FTE Weekly Pay	Hourly Pay	Dollar Amount Above Min Wage	Difference of increase to next highest qualification
1.1 (No formal qualification)	\$583.00	\$15.34	\$0.34	\$2.12
3.1 (Certificate III)	\$663.64	\$17.46	\$2.46	\$3.11
4.1 (Diploma)	\$781.82	\$20.57	\$5.57	\$4.23

Additionally, degree qualified teachers employed in long day care centres (who are covered by an award separate from the rest of the workforce) face significantly poorer wages and conditions compared to early childhood teachers employed within kindergartens, preschools and primary schools. The lack of pay parity results in chronic shortages in long day care teachers and reinforces the difficulty for the sector in attracting and retaining qualified staff.

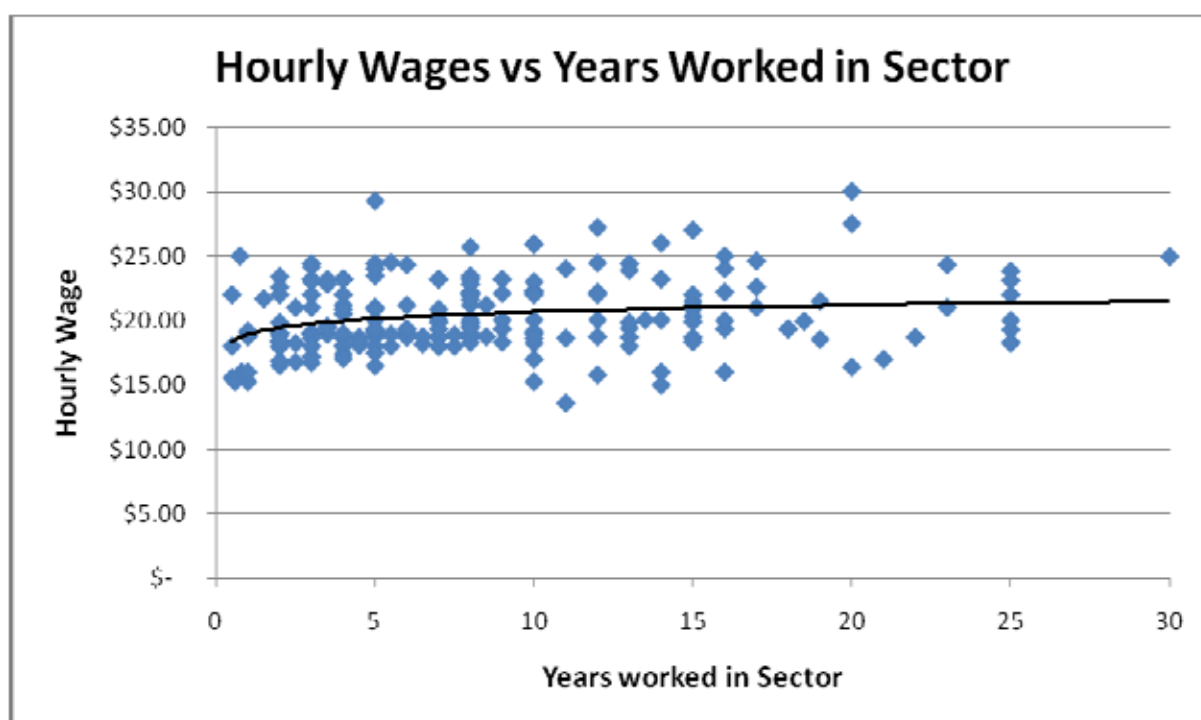
³⁰ Paula England, 'Emerging Theories of Care Work' (2005), *Annual Review of Sociology*, Vol. 31, p. 387; Barbara Pocock and Elizabeth Hill, 'The childcare policy challenge in Australia', E Hill, B Pocock, A Elliott (eds.) (2007), *Kids Count: Better early childhood education and care in Australia*, Sydney, Sydney University Press, p. 31

³¹ Until 1 July 2015 when the transitional provisions expire rates will be different depending on the state or territory the work is performed in. However increments between qualification level remain minimal in all states

Given the flat career structure, it is unsurprising that a childcare professional's length of service does not determine wage earnings to a significant extent. LHMU surveyed a sample of 218 members from New South Wales, Tasmania and Queensland in November 2010 working within long day care. All qualification levels were represented in the sample. The survey reveals that there is only a weak correlation between the numbers of years worked in the sector and higher wages:

Table 4: Relationship between years worked in sector and average wage

Years worked in Sector	Number in sample	Average Hourly Wage
Under 2	12	\$18.47
2 to under 4	43	\$19.71
4 to under 8	62	\$20.19
8 to under 12	44	\$20.55
12+	57	\$21.10
<i>Total</i>	<i>218</i>	<i>\$20.31</i>



3.1.1. Causes of low pay

3.1.1.1. Gender inequity and low bargaining power

The low pay status of early childhood educators can be attributed to gender pay inequity, which is a reflection of the relatively low bargaining power of a highly feminised workforce. A growing number of economists have drawn attention to the presence of the 'care penalty' within a range of community service and personal care industries such as childcare, aged care, nursing and teaching. Care work in the broadest sense involves the provision of public goods which carry broad social benefits that flow beyond the direct recipient of care. The value of these public goods is rarely reflected in the wages received by carers.³² ECEC is a highly feminised sector with women comprising 97% of the workforce,³³ the majority working on a part-time basis. Historically, pay inequity arose from cultural biases associated with paid care and community work in general, as well as gendered notions that conflate working with children with the unpaid labour of 'motherhood'. As part of this cultural perception certain groups of workers were considered less deserving of payment for work for which they are 'naturally' conditioned to undertake on an unpaid basis as women.³⁴

Despite the increasing emphasis on formal skills attainment, the ECEC labour market continues to be defined by a persistence in the undervaluation of skilled work of childcare professionals and the perception that such work is 'low skilled' or simply just 'women's work'. Reasons for this are complex and can be understood best through the prism of bargaining power. As a number of researchers have demonstrated, labour markets remain strongly segmented along lines of gender and ethnicity, powerful factors which construct the relative levels of vulnerability in employment and bargaining power.³⁵

Like other community service workers, childcare educators possess a keen awareness of the social importance of their work. Childcare professionals are committed to the children for whom they care, and often put the interests of the children over their own. While many employers have a capacity to pursue cost-cutting strategies, the nature of frontline care work provides workers with a sense of social responsibility which often translates into resilience and willingness to tolerate adverse and ultimately unsustainable circumstances.³⁶ This was clearly illustrated when the vast majority of ABC Learning staff continued to provide high quality care to children after the collapse of the company even though their own jobs were in jeopardy. Although the commitment of workers to their caring responsibilities is a source of strength and resilience, it also translates to the work being undervalued, as childcare professionals remain in a position where they continue to work for less than they deserve. The result is that across the ECEC sector, the workforce is underpaid and under stress, exacerbating turnover and shortages in the sector.

³² Paula England, 'Emerging Theories of Care Work' (2005), *Annual Review of Sociology*, Vol. 31, p. 387

³³ Department of Human Services Victoria (July 2006), *National Children's Services Workforce Study*, p. 34

³⁴ Gabrielle Meager (2007), 'The Challenge of the Care Workforce: Recent Trends and Emerging Problems', *Australian Journal of Social Issues*, Vol. 42, No. 2, p.152

³⁵ Rae Cooper, (2010) 'The 'bargaining power' of women employees in the low-paid personal care sector: A brief review of the concepts and the evidence in Australia', Report prepared for LHMU, available as Exhibit LHMU 20, Fair Work Australia: <http://ww2.fwa.gov.au/manilafiles/files/s243/exhibitLHMU20.pdf>

³⁶ England, 'Emerging Theories of Care Work', p. 390.

"I could go out and get a better paid job but I am just so passionate about working with children".

Brownyn, childcare professional.

The difficult conditions for workers choosing to remain in the sector are reflected in the results of the Workforce Study. It found that although there is a strong commitment to the profession, workers also identified pressures which made the pursuit of a career in childcare difficult and undesirable. In NSW, 89% of workers agreed that they entered the sector because they had always wanted to work with children, but only 64% agreed that they would recommend the career to others. Furthermore, 71% agreed that the job is stressful, and 59% agreed that job status and recognition was an issue for them. When asked what could improve staff retention, 96% agreed that workers in the sector should have higher wages, and 87% agreed on the need for paid in-service training.³⁷

3.1.1.2. Industrial factors: 2005 work value assessment

Remuneration set by the *Children's Services Award 2010* reflects a work value assessment of the work of children's services employees by the Full Bench of the Australian Industrial Relations Commission (AIRC) in 2005.³⁸ The AIRC accepted LHMU's submission 'that there had been a large degree of work value changes in the work of childcare employees since they were last examined in 1990'.³⁹

Marilyn Flee, Professor of Early Childhood Education at Monash University, presented evidence supporting LHMU's case, demonstrating the crisis in the workforce that emerged as low pay persisted despite the workforce's increased workload and work responsibilities:

"Over the past ten years there has been significant instability in the children's services sector. With changes to funding for childcare, the introduction of quality assurance systems and the increasing demand for childcare places, staff have been under enormous pressure. At the same time, the community has demanded more from staff in terms of providing a quality educational, and not just care, environment for their children. Salaries and working conditions have not kept up with community demands and staff find it increasingly difficult to upgrade their qualifications. With sufficient recognition of the work they do, and the expectations on improving outcomes for children, there is little reward or incentive for staff to improve their own qualifications or to provide the quality programs expected.

As a result of the poor salaries of staff who work in childcare, the increased demand for childcare places, and the low status afforded those associated with working with young children, there is now a shortage of qualified staff in child care. As salaries and status increase for educational environments other than child care, potential staff are being

³⁷ Department of Human Services Victoria (July 2006), *National Children's Services Workforce Study*, p. 69

³⁸ As part of three AIRC Full Bench decisions to the *Australian Liquor Hospitality Miscellaneous Union re Child Care Industry (Australian Capital Territory) Award 1998, Children's Services (Victoria) 1998*.

³⁹ AIRC January 13, 2005 Decision, *Australian Liquor Hospitality Miscellaneous Union re Child Care Industry (Australian Capital Territory) Award 1998, Children's Services (Victoria) 1998*, p. 8

*attracted to the higher paying positions and working conditions. The net effect has been a smaller and less qualified pool of staff to employ in childcare centres. Without increases in staff salaries, this situation will not improve, and will become even more of an issue”.*⁴⁰

The AIRC accepted these arguments and concluded that over the fifteen year period the nature of work for child care workers had encompassed:

- increased workloads due to changes in utilisation patterns of childcare services;
- increases in workload for supervisors and team leaders as a result of the introduction of the AQF system, incorporating on-the-job training and assessment;
- increased workload and some limited increases in accountability and responsibility for child care workers due to changes in programming and documentation requirements;
- increased workloads and new challenges for child care workers due to the increases in the numbers of children from non-English speaking backgrounds and increases in the numbers of ‘at risk’ children and children with special needs; and
- changing conceptualisations of children’s services from the notion of ‘child minding’ to that of ‘early child development, learning, care and education’ which influenced community expectations of child care workers and led to changes in training and development.⁴¹

LHMU argued successfully to align the awards to the Metal, Engineering and Associated Industries Award 1998 with a nexus in qualification levels between the awards. The decision rectified the historic undervaluation of minimum award wages by reference to general minimum wage standards in awards. The Full Bench aligned the Certificate III Level 3 child care worker with the metal industry C10 (tradesperson) classification, and added two 5 per cent annual increments on work value grounds. The Full Bench also aligned the Diploma with the metal industry C5 classification and retained two annual increments of approximately 2% each.⁴²

While the changes to these pre-reform federal awards arising from the decisions in 2005 resulted in significant wage increases for many children’s services employees across Australia, these increases were granted in the context of a requirement that the Full Bench determine minimum wages only. The decision did not (and could not) rectify the historical undervaluation of the work with regard to actual remuneration standards in the community. Furthermore, over the past five years, the modest wage gains arising from the 2005 AIRC work value decision have been gradually eroded. As the table below illustrates, relative to the minimum wage the real wage gain resulting from the AIRC work value decision has been minimal. Certificate III workers in the ACT and Victoria earned only \$0.77 more than the minimum wage prior to the AIRC work value rulings, while in 2010 these same workers earned just \$2.46 above the minimum wage.

⁴⁰ Witness Statement of Marilyn Fleer (Exhibit UVIC2, paragraphs 17, 18)

⁴¹ AIRC January 13, 2005 Decision, *Australian Liquor Hospitality Miscellaneous Union re Child Care Industry (Australian Capital Territory) Award 1998, Children’s Services (Victoria) 1998*, p. 93-94

⁴² These increments have slipped in “relatively” value from 5% and 2% (as the case may be) under the impact of flat rate increases to minimum award rates determined in 2006, 2007 and 2008 by the Australian Fair Pay Commission.

Table 5: Award wages compared to minimum wage rate, 2005 – 2010

	State Award	2005 (prior to AIRC Decisions)		2010 (modern award)	
		Hourly Pay	Dollar Amount Above Min Wage	Hourly Pay	Dollar Amount Above Min Wage
Entry Level Cert III	ACT	\$13.07	\$0.77	\$17.46	\$2.46
	VIC	\$13.07	\$0.77		
Entry Level Diploma	ACT	\$14.53	\$2.23	\$20.57	\$5.57
	VIC	\$15.56	\$3.26		

The AIRC decision recognised the inherent inequity in childcare wages and therefore aligned qualifications with those in the metal trades to provide a structure to address this inequity. This structure however did not reflect the real situation whereby metal trades workers have been able to take advantage of bargaining to effect wage increases in a way not available to childcare workers. The underpayment of childcare professionals has continued and has been exacerbated by the structural impediments to effective bargaining in the sector and reliance on award wage minimums.

In addition to low gender inequity and low bargaining power factors outlined above, a number of structural barriers within the ECEC sector prevent effective bargaining and contribute to depressed wage outcomes. These include:

- *Fragmented ownership and workplace composition* – the ECEC sector is characterised by a large number of diverse small workplaces, with many workplaces having only a small number of employees. The small business model is dominant in the sector. Within long day care, the ownership structure is characterised by one large employer, several dozen medium-sized businesses, and a multitude of small businesses. Goodstart Childcare Limited holds approximately 12.6% of the national market share of licensed places, whereas the next four largest employers hold just 1.78%, 0.95%, 0.82% and 0.53% respectively of the market share. Over half of workers are employed in small businesses where employers own between one and three services. This level of fragmentation combined with the large and growing number of services creates conditions where large-scale enterprise bargaining is not practical for achieving sector-wide increases in pay and improving the status of childcare professionals.
- *Marginal profit rates* – Government funding provides LDC services with a guaranteed source of revenue and has enabled the expansion of for-profit childcare. However, many businesses operate on tight margins of profit/surplus – this is particularly the case with higher quality services (which may, for instance, choose to operate above the minimum staff to child ratios required by regulations). Where profit margins are tight, cost increases arising from increased staffing costs are more likely to be passed onto parents in the form of higher fees.
- *Most employers have little or no experience of bargaining and there is a lack of strong employer associations* – With the bulk of the sector made up of small businesses, there is an

overall lack of experience and knowledge amongst employers of collective bargaining processes. Employer associations are loosely federated state-based organisations which are split between the not-for-profit and for-profit sectors. While these organisations can lay claim to large memberships, they tend to have few staff and rely on voluntary labour from their members in order to function.

The lack of opportunity to effectively engage in enterprise bargaining has contributed to the ongoing undervaluation of employees' remuneration. Employees at all levels, and particularly at levels where employees hold tertiary and vocational education qualifications, are paid significantly less than other employees performing similar or comparable work, for example in the state and local government sectors. Bargaining outcomes for workers covered by collective agreements (which comprise a small minority of employment arrangements) are generally not much higher than minimum award rates. The following summary of national bargaining outcomes for entry-level Certificate III illustrates the poor outcomes across LDC:

Table 6: Collective Agreements in long day care: average bargaining outcomes⁴³

State	Agreements examined	Average Cert III (equivalent to 3.1 in Modern Award) agreement outcome	Average Percent above award rate
VIC	6	\$17.63	1.00%
NSW*	6	\$19.00	0.40%
QLD	4	\$18.26	4.60%
ACT	3	\$18.75	7.40%
WA	5	\$18.24	4.50%
SA	24	\$18.27	4.60%
NT	2	\$17.67	1.20%
National Average = 3.41% above Award			
*transitional rates apply in NSW			

Since the 2005 AIRC decision the wages of childcare educators have stagnated, as evidenced by comparing the bargaining outcomes between childcare and a representative sample of metal trades agreements.⁴⁴ In 2010 award-reliant childcare professionals earned as much as \$16.80 *less per hour* than metal workers employed on equivalent qualification levels. Based on the established key classifications for similarly qualified workers, a certificate III childcare worker is between \$9.45 and \$10.76 worse off per hour than their equivalent in the metal trades industry. The situation for diploma qualified workers is even starker. Across the sample of metal trades agreements, metal trades workers earn almost double that of the equivalent diploma qualified childcare worker. The hourly rate for diploma qualified childcare workers is between \$15.76 and \$16.80 per hour lower.

⁴³ Compiled on the basis of 38 current enterprise agreements.

⁴⁴ Comparison between the ABC Learning Centres and LHMU Enterprise Agreement 2009, the Joy Mining Machinery (Parkhurst) Collective Agreement 2008 and the Prysmian Power Cables and Systems Australia Pty Ltd Union Collective Agreement 2007; where Certificate III childcare is equal to C10 trade rate in the metal industry, and Diploma in childcare is equal to C5 30% above the trades rate.

With structural impediments preventing childcare professionals achieving effective wage increases through bargaining, government policy can play a strong role in supporting wage justice for workers with historically low bargaining power. However, current government funding models only exacerbate the prevailing conditions experienced by childcare professionals.

3.1.1.3. Inadequate funding mechanisms

Over the past 15 years, the Australian Government has substantially increased its support to ECEC, from \$555 million in 1996-7, to \$1.36bn in 2001, to \$1.8bn in 2005-6, to \$3.82bn in 2010-11. Of the total amount last year, 84.5% was spent on subsidies to parents through the Child Care Benefit and the Child Care Rebate. The expansion in funding has fuelled demand for ECEC, enabled the rapid growth of the sector and assisted many lower-income families with access. However, the reliance on a single mechanism for financing ECEC – subsidising the sector through partially subsidising parent fees – has not only failed to ensure affordability, but also set the scene for deep structural problems and market failures. Despite dramatic increases in funding over past years, childcare professionals continue to suffer poor wages and conditions.

Between 2005 and 2010:

- Federal government spending increased by 112%
- Affordability for parents improved by 20.5%
- Centres raised their fees by an average of 41.7%
- Childcare workers' wages increased from just \$13.07 to \$17.46 per hour (entry level Cert III federal award)

ECEC is a highly labour-intensive sector – labour comprises between 73% and 82% of total costs in long day care centre.⁴⁵ Yet, the massive expansion in government funding in the last 15 years has done little to facilitate workforce development. Between 1996 and 2001 the proportion of degree qualified staff fell by 50%, as many employers increasingly saw opportunities to cut the costs of quality provision in favour of improving profits.⁴⁶ During this period government funding to ECEC more than doubled whilst significant reforms were made to the funding system. These included the abolition of operational subsidies and the transition towards a system of financing childcare based almost entirely on subsidising parents' fees. Since then fees (and the amount of government subsidies to parents) have increased at a rate exceeding the inflation rate. Between 2005 and 2009 Australian Government spending for childcare increased from \$2.02bn to \$3.7bn, an increase from \$3430 to \$5187 per licensed place across all service types. During the same period fees increased by an average by 34.9% - more than 2.5 times the headline inflation rate during this period. Despite these spending increases, a Certificate III qualified childcare professional typically earns an hourly wage just \$2.46 above the minimum wage.

⁴⁵ Allen Consulting Group report to Community Services NSW, *Children's Services Regulation 2010, Draft Impact analysis*, p. 15.

⁴⁶ Gabrielle Meagher, 'The Challenge of the Care Workforce: Recent Trends and Emerging Problems', *Australian Journal of Social Issues*, Vol. 42, No. 2, p. 156

As is the case with other vulnerable workers working in the personal care sector, the low bargaining power of childcare professionals is institutionalised through prevailing funding structures. The current funding system of subsidising parents ensures an intrinsic trade-off between parental affordability and the wages of educators. Demand-side subsidies do not rise in accordance with the costs of operation. Rather, childcare professionals are placed in an untenable position where they must bargain wage increases at the expense of parents, who themselves are suffering affordability stresses. Within the context of the current funding system small wage increases contribute to upward pressure on fees. We estimate that a 10% increase in staffing costs requires an increase in fees of between 5% and 7.5% for the employer to maintain the same profit level, assuming all other costs remain equal.

3.1.2. Addressing Low Pay

To achieve the policy goals of high quality ECEC whole-sector initiatives are necessary to resolve workforce issues. The funding system and the structure of the childcare market pose barriers to effective collective bargaining, where pay equity and work value decisions have not achieved wage justice. Direct intervention into the ECEC labour market, as part of a funded workforce strategy, is required to ensure the necessary upskilling of workers without formal qualifications, to eliminate labour shortages, and to improve staff retention sector-wide.

Government funding to ECEC should aim to maximise the quality of provision as well as parental affordability. It is well recognised that quality of education and care is not just a factor of compliance with minimum regulatory standards, but encompasses broader structural and process elements which ensure the best possible outcomes for children within an integrated context of education and care.⁴⁷ A critical aspect of quality relates to workforce development, including strategies to attract and train staff and to minimise turnover, to ensure that children receive continuity of care from appropriately qualified professional staff.⁴⁸ Unfortunately, the current funding system of subsidising parents fails to ensure a 'race to the top' in terms of quality provision. Instead, it encourages operators to minimise their costs while only barely complying with minimum regulatory standards. A reformed funding system needs to encourage service providers to invest in staff and training, above-award wages and career paths, and to create incentives for exceeding minimum regulatory requirements. To ensure high quality outcomes it is vital to adequately reward professionals who work hard providing an essential service to the community.

Recommendation 1: Professional Wages

LHMU believes that qualified childcare educators deserve professional wages. In order to resolve the issues of retention and attraction in the ECEC sector, wages must be commensurate with the skills, responsibilities and expectations placed on the position and with the social value of quality care. For reform to be meaningful and lasting, pay needs to increase across the entire sector (rather than in

⁴⁷ Early Childhood Development Steering Committee, *National Quality Standard for Early Childhood Education and Care and School Aged Care*, COAG, December 2009, p. 9, http://www.deewr.gov.au/EarlyChildhood/Policy_Agenda/Quality/Documents/NQStandardChildEdu.pdf

⁴⁸ *National Quality Standard*, see standards 4.1.1 and 7.1.2

isolated cases) and in a manner that will ensure that any gains are permanent and do not suffer from erosion over time relative to workers in other occupations.

Recommendation 2: Reform Government Funding

LMHU advocates the strategic use of supply-side funding in order to reverse some of the market failures and negative dynamics which are the product of a funding system based almost entirely on subsidising parental affordability. The most effective method to increase wages in the sector is through a Commonwealth-funded professional wages subsidy. Such a subsidy should be incorporated into a new workforce development funding stream, developed as part of the current National Early Years Workforce strategy, to incentivise providers' commitment to workforce development while keeping the pressure on parental costs to a minimum. When adequately supported financially, services will have real capacity to invest into their workforce while avoiding the 'trade-off' between quality and parental affordability.

LHMU is calling on the government to commit to a wage subsidy through a new *workplace development funding stream* in order to raise the remuneration of childcare educators to levels commensurate with their skills and qualifications.

3.2. The Skills Gap

To achieve the necessary qualification levels any workforce plan needs to include a comprehensive program to upskill the current workforce. However, significant barriers and disincentives prevent existing childcare workers from undertaking further study and training. These barriers include:

- *Shallow pay structures.* Insufficient wage differentials between qualification levels ensure that workers have little to gain financially by undertaking additional study – the minimal increases in pay are not commensurate with the increased responsibilities and skills that result from the increased qualification. This is a disincentive for workers to pursue further training and study.
- *Prohibitive costs of undertaking study.* Employers rarely subsidise the cost of qualifications or give paid time off from work for study time. Further, Registered Training Organisations can charge as much as \$2000 for a Certificate III qualification and this is a prohibitive cost for workers earning close to minimum wage.
- *Prohibitive timetables of study and training.* The expectation that childcare workers should attend evening classes after having spent their day working in a child care centre discourages workers from participating in further study or training. Workers need to be given paid time during the day to take part in training.
- *Inaccessibility and inadequacy of RPL schemes.* Recognition of Prior Learning (RPL) processes offer a path for non-traditional learners to have professional experience and skills recognised. However, RPL is rarely utilised by workers due to a lack of awareness that it is an option, its complexity and time intensive nature, and the varying levels of quality in the processes for achieving qualifications.

- *Lack of quality and consistency of training providers.* Due to a lack of regulation, standards across Vocational Education and Training (VET) institutes are highly variable. Many employers are reluctant to employ people whose qualifications are from training providers perceived to be of poor quality.
- *Lack of articulation from VET to High Education.* Transition to early childhood degree qualifications for existing workers is difficult because universities lack a uniform approach to providing credit to VET graduates.

"If I went from Assistant director, to director I would get around 50c an hour more, for triple the work. Plus I would incur a HECS debt. There is no incentive to get more qualifications".

Jamie, assistant director, Tasmania.

A 2006 study of childcare training in Australia found high rates of attrition amongst ECEC students at all levels.⁴⁹ The main reasons were insufficient time for study and difficulties in covering course fees and associated costs. Despite these barriers the study noted that VET Diploma graduates, particularly those with work experience, were reported by Higher Education providers as being highly motivated and committed to working in the ECEC sector'.⁵⁰

A 2006 Federal Government survey of the ECEC workforce found:⁵¹

- 40 percent 'strongly agreed' (21 percent 'agreed') with the statement:
"I am interested in furthering my career in the sector"
- 66 percent said ***"the subsequent wage increase did not make studying worthwhile"***
- 62 percent said they ***"don't have enough spare time"*** to undertake further study and a further
- 60 percent said ***"the cost of studying was too high."***

Time and cost are the most often cited reasons by childcare workers for not undertaking further study.⁵²

Finding time to do external study is a major issue. The workforce is 97% female with an average age of 35.⁵³ Balancing family commitments with work that involves long and tiring hours is a difficult enough prospect without adding study. In addition to paid hours, approximately one third of childcare workers work an average of five unpaid hours of overtime per week⁵⁴ leaving even less time available for external study.

The costs associated with study can be prohibitive for workers earning close to the minimum wage. Children's Services course costs include enrolment fees, travel to undertake practice placements, course materials and time off work. Private Registered Training Organisations can charge over \$2000

⁴⁹ Watson L. *Pathways to a Profession Education and Training in ECEC*, Department of Education, Science and Training Final Report, Australia, August 2006

⁵⁰ Ibid, executive summary, pg. xiii

⁵¹ Department of Human Services Victoria p. 68-73

⁵² Skinner, N. (2009) *Work-Life issues and participation in education and training*, A National Vocational Education and Training Research and Evaluation Program Report.

⁵³ Ibid p. 31, 34

⁵⁴ Ibid p. 39

for a certificate III qualification.⁵⁵ This can amount to almost 7% of the annual wage of a full time childcare professional without formal qualifications. The proportion will be higher for the 50%⁵⁶ of part time and casual childcare professionals.

The Commonwealth Government is currently funding 'fee free' TAFE Diploma tuition into the 2013-14 financial year. While this is a welcome move in assisting the ECEC workforce to upskill it does not address time constraints for those students, nor does it cover remaining costs such as administrative costs, text book costs and other sundry costs which can amount to hundreds of dollars. Importantly, this program does not extend to workers who need to obtain a certificate III qualification.

The minimal wage increases for obtaining additional qualifications do not offset these substantial costs of study, adding a further disincentive to upskilling. Low wages in the sector also dissuade new graduates from entering the sector with many not taking up ECEC jobs they studied for because they can find higher paid work in other sectors such as retail or indeed school education.⁵⁷ The Child Care Beyond 2001 report found that 50 per cent of students graduating from child care study did not pursue work in the field.⁵⁸

3.2.1. Pathways to Careers: Addressing the Skills Gap

The ECEC sector will need substantial financial and structural support to meet the National Partnership Agreement's goal of every second staff member holding a Diploma and every other staff member holding (or working towards) a Certificate III qualification by 2014. While ECEC professionals continue to provide an essential service both to working families and the business community, Australian governments have directed insufficient funding and training support to help staff meet increased expectations.

As large numbers of ECEC staff are currently without formal qualifications, upskilling the sector to the new standards will be a challenge. Existing ECEC professionals will take up this challenge but only if they are better informed, encouraged and supported to do so. Upskilling the existing workforce provides the best opportunity for retaining current skills and experience while also providing for the development of a career path within long day care – a partial solution to retaining staff in ECEC.

However, improving access to education and training will not alone lead to a professional ECEC sector. Until wages in the sector are commensurate with the work undertaken the reforms will be undermined. If ECEC professionals' experience is that higher qualifications are not well rewarded then any upskilling effort could prove to be simply a migratory stage to other sectors. While limited financial incentive to upskill remains, difficulties in attracting and retaining the requisite numbers of qualified staff will persist.

⁵⁵ Cengage, sourced at their website <http://www.cengage.edu.au>

⁵⁶ Department of Human Services Victoria (July 2006), *National Children's Services Workforce Study*, pg 38

⁵⁷ Community Services and Health Industry Skills Council. *Environmental Scan*. March 2009

⁵⁸ Child Care Beyond 2001, p. 44.

3.2.1.1. Recognition of Prior Learning (RPL)

RPL could be utilised as an effective solution to provide upskilling opportunities to the existing workforce provided it is accessible, efficient and nationally consistent. LHMU strongly supports the universal provision of RPL as part of the upskilling process.

RPL can function as an excellent alternative to traditional study for a workforce where a high proportion of workers have not participated in formal education since leaving school. It can be tailored to match the particular needs of the workforce and the context of their work. It can be provided on the job thus counteracting the major barrier of time faced by many childcare workers.

Many staff without formal qualifications possess strong skills and experience yet do not necessarily have supporting documentation which provides evidence of that experience. Given the high numbers of the childcare workforce without formal qualifications, RPL should be available based on professional conversations and on-the-job observations. This method of assessment is far less daunting and time consuming than the provision of paper based evidence (although this need not be entirely excluded) and allows the assessor to gain a real understanding of the competencies and skills the worker already possesses.

"I am not academically suited but am confident in my skills and experience I have picked up in 24 years in the sector. I think this should count for something".

Elizabeth McGibbon, childcare professional.

Ideally a third party industry organisation that includes representatives from all major stakeholders should coordinate an RPL process for upskilling the childcare workforce. This body should:

- ensure that all workers have knowledge of their opportunities through RPL;
- assist students prepare for RPL;
- organise RPL assessments based on professional conversations and workplace observations of competencies; and
- provide scholarships and funding for low paid workers to access the RPL process.

Recommendation 3: RPL Process

LHMU is calling for the creation of a universal and formal recognition of prior learning (RPL) process, articulation agreements between VET and HE sectors and the creation of funding structures to allow for one day a week of release time for staff to undertake study.

The process must apply to all students and practitioners with skills and experience and must:

- be free and readily accessible to all staff in the childcare sector
- allow for assessment to be carried out in paid work or study time
- result in a recognised qualification
- involve at least one session of group face to face learning
- ensure that candidates are provided with clear and accessible information about the RPL process that includes credit transfer and articulation opportunities between VET and HE

3.2.1.2. Provision of fee- free funding

While it is commendable, the current program of fee-free funding for Diploma qualifications leaves behind those workers who currently hold no formal qualifications. These workers are also the lowest paid and have the most difficulties accessing further study, including the need to meet their own costs of obtaining a certificate III. Without financial assistance to upskill, the ECEC sector is going to struggle to meet the COAG goals for a fully qualified workforce. Government should pay tuition costs for ECEC professionals as this is regularly identified as a barrier to starting and completing higher qualifications.

Recommendation 4: Fee-free Certificate III funding

LHMU contends that, in addition to fee-free RPL opportunities, the fee-free places for diploma candidates should be extended to include fee-free places for Certificate III candidates to enable the required number of people to obtain the necessary qualifications.

3.2.1.3. Study release and Backfilling

Core components of upskilling the existing childcare workforce are the provision of paid study leave and the capacity of service providers to backfill the leave positions.

A model for the provision of paid study leave and backfilling is that used by the Victorian Government. The Early Childhood Qualification Fund provides a scholarship payment direct to students to contribute to costs and/or provides payment directly to the childcare service provider to backfill study-leave positions.⁵⁹

3.2.1.4. Improved articulation

Problems associated with the articulation between the VET and HE sectors needs to be addressed. LHMU supports the following measures to improve articulation between VET and HE:

- the creation of new national articulation agreements for the ECEC sector;
- industry articulation agreements negotiated between HE and VET and a formal requirement that all HE providers in the ECEC sector offer formal articulation arrangements for VET students;
- formal industry articulation agreements should include the provision of academic literacy courses for students without experience of university level education; and
- practicum requirements for Diploma holders already working in the ECEC sector should be reviewed.

3.2.1.5. Addressing low wages and ‘shallow pay structures’

While wages in the sector remain low, there will always be difficulties in attracting and retaining the ECEC staff. The negligible financial rewards gained by obtaining higher qualifications in the current

⁵⁹ Department of Education and Early Childhood Development Victoria.
www.education.vic.gov.au/careers/earlychildhood

wages structure contribute to this problem. As Professor Barbara Pocock states in her 2009 study on the topic:

*Shallow pay structures do not adequately compensate for the extra responsibility and skills of higher classifications. Where a vocational training based strategy is divorced from reform of the wages and conditions of low paid work, the potential effects for reducing low pay are constrained.*⁶⁰

Training provision must factor in the career path structure and a longer-term vision of ‘return-for-investment’ by both the student and the VET sector. Ultimately, the best strategies to upskill the childcare workforce will be undermined by continued low wages. Any training and upskilling agenda must go hand in hand with reform of wages in the sector.

4. Conclusion

The commitments made to high quality ECEC present an outstanding opportunity to deliver lasting and comprehensive reform to the sector: the possibility of solving the workforce crisis once and for all. Having made the commitment to the development of the early learning sector, the Australian Government must now turn its attention towards developing a comprehensive – and fully funded – workforce strategy in order to ensure that the development of a well-paid, highly trained professional workforce, which is the keystone to high quality education and care outcomes for children.

ECEC professionals are passionate about the future of the sector and will stand up to support positive initiatives. LHMU’s BIG STEPS in childcare campaign is based on a commitment to every child’s fundamental right to quality care and education. LHMU will continue to work with sector leaders and families until this fundamental right is realised.

⁶⁰ Barbara Pocock, (March), *Low-paid workers, changing patterns of work and life, and participation in vocational education and training: A discussion starter*, Adelaide: National Vocational Education and Training Research, p. 25