



Australian Childcare Alliance

Representing the future of Australian childcare

Submission

to

Productivity Commission

**Early Childhood Development Workforce
Issues Paper**

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Introduction

The Australian Childcare Alliance (ACA) welcomes this opportunity to share ideas on Australia's early childhood development workforce as part of the Commission's research study of the early child development, schooling, and vocational education and training sectors.

ACA comprises member-based State Associations from Western Australia, South Australia, Victoria, NSW, Queensland, the Northern Territory and individual members in the Australian Capital Territory. We offer ideas on behalf of the sector currently supplying approximately 70% of Australia's long day care places, with centre staff helping parents supply care and early-development needs for more than 400,000 children. In addition, the sector supports the workforce participation of an estimated 250,000 parents.

This Research Study arises from the Council of Australian Government's (COAG) agreement about common strategic frameworks - to guide government action on early child development, schooling, and vocational education and training across Australia.

Based on the view that building the capability and effectiveness of these workforces will be critical to achieving the desired outcome in the strategic frameworks, the Commission is asked to examine Australia's Early Childhood Development (ECD) workforce and to advise on the:

- current and future demand for the workforce, and the mix of knowledge and skills required to meet quality objectives
- current and future supply of the workforce
- workforce composition that most effectively and efficiently delivers desired outcomes
- appropriate directions and tools for workforce planning and development
- factors of notable significance.

Structure of Submission

Our submission addresses the questions in your Issues Paper, and in the same order.

Although the Study is about ECD workforce, not policy, the Commission may consider policy questions where they overlap with workforce considerations.

There are several instances where we believe that is the case.

Early childhood development

Given the terms of reference, is the suggested scope of the ECD workforce appropriate for the purposes of this study?

Yes. The suggested scope recognises that ‘early childhood development’ is significantly broader than ‘early-learning’. Understanding that ‘development’ is more than ‘learning’ is of strategic significance. Many ECD workforce issues can be traced back to the fact that most Australians are yet to fully understand that centres have always helped parents build their child’s capacity in learning, in health, and in behaviour.

That role is what enables centres to help parents who want to join the paid workforce, but assisting parents with child development and early learning has been at the forefront in the day to day activities of early childhood staff. Children are learning from the moment they are born.

Attracting more staff into the sector, including more qualified, highly trained and informed staff, will happen when the community acknowledges that early learning and care centres are primarily about assisting parents with early child development and early learning, not primarily a labour-market program for working parents. That education campaign is also central to dealing with incorrect perceptions about wages and conditions, at the same time as increasing the profile of the whole sector.

Which ECD services for children with additional needs should the Commission include in this study?

Before addressing this issue, can we note that ACA does not accept the implication, at p.5, that mainstream centre-based services are not able to appropriately address the developmental needs of many additional-needs children?

In our view, mainstream centres are probably the best place to help most additional-needs children. The problem is not the capability or effectiveness of our workforce. A central problem is that government Inclusion Support subsidies do not currently reflect the costs of providing quality services to additional-needs children.

Bearing those preliminary comments in mind, the additional ECD services to include would be those services and professionals whose centres *already* engage as part of an integrated network, for example, specialists in relation to eyesight, hearing, learning, speech, physical movement, parenting etc, across the spectrum of learning, behaviour and health.

That existing network is itself a ‘factor of notable significance’. The governance and regulatory aim should not be to ‘invent’ an ECD integration network. The aim should be to identify what integration and networks already exist, and then nurture them so they work to ensure that children receive assessment in a timely manner and that costs are not prohibitive for families.

Improving access and affordability for additional-needs children is not an either/or choice between mainstream or targeted early child development services. And neither is it primarily about co-location.

Improved access and affordability will be best achieved by addressing two matters:

1. Parent subsidies should reflect actual service-delivery costs and circumstances;
2. The existing integration and networking of mainstream and targeted services needs to be better coordinated, and better understood by both parents and policy-makers.

What are the benefits and limitations of integrating and co-locating ECD services?

The Commission's terms of reference require it to consider 'policy and regulation given the agreed COAG outcomes, particularly the National Early Childhood Development Strategy'.

Investing in the Early Years – A National Early Childhood Development Strategy is an important resource, particularly in relation to the benefits and limitations of integrating ECD services:

"To meet the diverse and complex needs of children and families and stop those most in need from falling through the cracks, services overall need to be more *coordinated, comprehensive, interdisciplinary and flexible*. Additionally, some of the pressure in the system could be alleviated through *a greater focus on prevention* and better assessment and referral to early intervention services."(p.11) [emphasis added]

"This will involve improving the inclusiveness of services and looking at ways to make services responsive to different family situations, *to maximise use of existing infrastructure*, and to build the evidence about what works to improve transitions for families moving between services. This includes integration where services and professionals across health, early childhood education and care, family support and specialists work very closely together, *regardless of whether they are co-located or not*."(p.12) [emphasis added]

"The evidence points to the need to get the right mix of universal and targeted services to both improve outcomes for all children and ensure that additional assistance is provided in a timely way to those that need it. This is supported by Australian evidence which suggests that universal service platforms provide a non-stigmatised entry point to more intensive support for families with additional needs."(p12)

"The Strategy promotes early childhood development services that are responsive to the needs of children and families. (p.17)

Responsive in this context means: high-quality programmes in services; active service outreach into the community; a strong focus on promotion and prevention; engaging and empowering parents and communities in early childhood development and services; and responding to issues of children and families that arise.

Importantly, responsive early childhood development services optimise the use of three service layers: universal, targeted and intensive. Optimal service responsiveness is achieved through nesting the service layers together and ensuring they are well coordinated, interdisciplinary and flexible. (p 17)

Services for children and their families are linked in different ways, depending on local needs and circumstances, to provide a holistic response to each child and family situation. This includes integration, whether physical or virtual, that encourages interdisciplinary

approaches to meeting the needs of children and their families such as consistent assessment and sharing of information. It also includes effective governance at all levels and a commonsense approach to removing unnecessary barriers to access...” (p18)

We ask the Commission to be guided by the Integrated Early Childhood Development Services and Support Delivery Model at p.19. That description concludes with an important principle:

“Different families require different levels of support at different times. In a truly integrated system, there are pathways from universal service to more targeted and intensive services, but also from higher-end services back to universal platforms.

Another point about the dangers of co-location: even if there is scope for some co-location, it is important that implementation does not undermine *existing* service-provision.

Australia has built a world-class system for determining optimal levels of long day care price and supply. Australia blends government strengths (parent subsidies to ensure fair access, regulation to ensure good quality, and parent-information to help ensure a properly-functioning market) with good customer-service delivery - using thousands of suppliers competing to attract and retain families in a competitive, regulated, well-informed market, where parents are free to choose and free to walk away. It is not perfect, but there is no better way to determine optimal levels of price and supply.

Any co-location model must take those structural and economic factors properly into account. Inadequate implementation will undermine the features that have made that system successful. Recent revelations about the unplanned locations of medical super clinics are a case in point.

The Early Childhood Development Workforce

Does the list (at page 6) provide comprehensive coverage of formal childcare settings?

Yes.

Is this an adequate representation of the broad roles and responsibilities of child care and preschool workers?

To help us explain, we refer to the claim, at p.6, that “many long day care centres now also provide preschool programs.” The statement does not accurately capture the extent to which long day childcare centres have *always* integrated early learning programs and care, and not just for four-year-olds. The schematic representation of the ECD sector in Figure 1 is also potentially misleading. Dividing ‘early childhood education and care’ into ‘childcare’ on the one hand and ‘early childhood education (preschools)’ on the other hand suggests that childcare does not already incorporate early-learning. Children’s early learning has been well documented in services since 1991.

The Issues Paper observes (p. 2) that “early childhood development is commonly understood to involve the physical, cognitive, language, social and emotional development of children...”

Quite apart from parent’s expectations and their ongoing scrutiny, centres are legally obliged to deliver individually-tailored child-development programs addressing those developmental criteria. Service-delivery is independently monitored by both Commonwealth and state quality-assurance

and regulatory systems, with results readily available to parents to help them make judgments about quality and value. In short, if centres don't succeed with content and delivery, they can be prevented from operating.

Centres have always integrated early-learning and care. Their skill and ability to deliver such programs to four-year-olds is a happy by-product of their fundamental early learning and child-development role.

This is important context for workforce issues. A proper understanding of the role and responsibilities of the existing childcare workforce is of course fundamental to an understanding of workforce issues more generally.

What characteristics describe childcare and preschool workforces?

We offer the following brief observations and look forward to the Commission drilling more deeply into these characteristics:

Demographics – the workforce is overwhelmingly female, mostly young and single, but with a material proportion of mature-aged. This highly-valuable mature age cohort is probably most at risk of being disenfranchised by clumsy implementation of some of COAG'S regulatory proposals.

Wages and Salaries – ACA does not accept the view that wages are comparatively or unfairly low. This complex issue ultimately involves the sector-wide marketing problem, described above. The early child development sector is not yet properly understood, nor fully appreciated. This misconception partly explains the claims about wages.

Addressing that misunderstanding is, we believe, the best way to address the sense in which the whole sector, including workers, is not entirely understood by parents or by governments.

A correctly understood early child development system would help to reduce turnover, attract more informed employees, and improve perceived job satisfaction.

Data collection – ECD workforce

How might data collections be improved?

We think data needs to be:

- easier to find
- easier to access
- more coherent – that is based on a more up-to-date understanding of what early learning and care centres do and how they do it.

Collecting, collating, and distributing information is a strength of current governments, but we still see potential for improvement. We explore below an example of how inadequate data on childcare price and childcare usage has contributed to a potentially large implementation problem for COAG proposals.

We ask the Commission to be guided by the National Early Childhood Development Strategy:

“To know what works, and how we are going in realising the strategy vision for children and the associated outcomes and progress measures, Australia needs to transparently collect, evaluate and publicly disseminate relevant information and evidence.

“Currently, information is collected across maternity services, child and family health, early childhood education and care, and early child and family social characteristics. There are gaps in the information, however, and treatment of data definitions, collections and reporting is not consistent.

“Gaps exist in information about what services children and families are receiving and how services are contributing to improved child outcomes.

“There is a need for better information at both the individual and service level to inform innovation and to facilitate cost-benefit and randomised control evaluations at the community level to support continual learning.”

“There is scope to design a more efficient, integrated and comprehensive information system. Such a system needs to provide nationally and internationally comparable data about early child development and evidence about what programs, services and income supports result in successful outcomes for children and their families.” (p 21)

Regulatory and governance arrangements in the ECD sector

The Commission is to advise on governance and regulatory arrangements with a view to maximising workforce efficiency and effectiveness. The Issues Paper (p 9) correctly acknowledges that regulatory and governance arrangements ‘dictate who employs ECD workers, how the services they provide are paid for and, ultimately, how well the ECD sector works’.

How do differing government roles and policies affect the planning and provision of the ECD workforce?

We offer the following observations.

ECD is intensively regulated, and for good reason.

But, like childcare services, only good-quality regulation is efficient and effective.

High quality regulation is fundamental to child development and family outcomes. In turn, high quality regulation depends on sound regulation-making. Our experience is that governments do not comply appropriately even with their own best-practice regulation-making principles. This COAG process, for instance, is yet to complete meaningful impact analysis or consultation with the sector. As a result, poorly designed implementation means that many families remain at risk of being priced out of an already quality system. This risk of unintended consequences will remain the case unless governments are willing to work with the sector to design the necessary affordability and supply protection and rollout that protection *at the same time* as regulatory changes are introduced. In the absence of that parent affordability and supply protection, there will be significant impacts on the ECD workforce as well.

There are other reasons why good quality regulation-making is important in the ECD workforce context.

In its 2010 report on the childcare workforce, the National Centre for Vocational Education Research explores the links between regulation and workforce skill development:

“...highly uniform ‘standards’ of regulations are typical of systems in which the quality of labour is poor, because the ability to exercise critical judgments among staff at the sector level cannot be assumed. Emphasis on regulatory compliance creates a skill paradox for the sector. Intense emphasis on narrowly defined criteria for accreditation and licensing can serve to compound skill stasis in the sector. As the findings of the OECD note, childcare systems work most effectively (with high worker retention and better skill levels) when the issue of regulation is embedded deeply in professional doctrine and when regulation offers scope for the exercise of professional *discretionary* judgment. Autonomy in the exercise of professional work is critical in childcare.” (p. 37, emphasis in original)

“The use of regulatory controls has had the unintended effect of perpetuating skills stasis in the number of ways. Firstly, an intense level of regulatory compliance can profoundly impact on workload at the workplace level....Secondly, a highly ‘compliant’ culture can steer the emphasis of training away from innovation towards the static categories of skill that surround conformity to regulatory standards alone....the focus becomes conforming to the standard, and the meaning of why you are doing what you are doing is lost. Thirdly, the emphasis on regulatory compliance can also undermine the potential for quality improvements to occur through professional mentoring. Accreditation agencies could actively broker or mediate quality-improvement through supporting research, sharing evidence-based good practice and considering examples of alternative monitoring and assessment practices.” (p. 38).

The above suggestions for achieving quality-improvement appear to be in conflict with the intended COAG proposals. ACA is troubled by proposals to use ‘black letter law’ to ‘enforce’ quality-improvement. This goes in exactly the wrong direction and puts at risk characteristics which have made Australia’s (world renowned) quality assurance systems successful. The welcome attempt to remove duplication between accreditation and licensing systems is at risk of making things worse rather than better. We will know more about this when we know more about the proposed revised rating system and have the draft legislation.

Demand for Early Childhood Education and Care Workers

Child development—what are some of the child development reasons families choose to use, or not use, different ECEC services? How is this changing over time?

We deal here with a factor that has the potential to significantly increase demand.

The Paper notes (p 12) that, of the parents who use formal childcare, about 60% report they choose to do so because of the benefits to the child.

That statistic needs to be balanced against the fact that, as we understand it, **roughly 70% of Australians still regard childcare as something needed only by working parents, rather than as primarily about benefiting the child.** Citizens, uninformed of the true work carried out in the early

year's sectors do not yet properly value childcare for its early childhood and parenting-support benefits.

This has significant implications for demand. As more Australians come to understand centres appropriately, demand is likely to grow. This is especially so, given that the Commonwealth parent-subsidy enables parents who don't satisfy the work or study test up to 24 hours of subsidised access to childcare centres. It is not well understood that, under existing rules about Child Care Benefit, all Australian families already have an entitlement to 24 hours of subsidised access to high-quality early child development and parenting support for all children, not just 4 year olds. ACA presumes the main reason why that universal entitlement is not fully taken up is because most Australians are yet to fully appreciate that childcare centres are mostly about helping parents build their child's capacity in early learning and development, not just about enabling parent workforce participation, important as that is. There is a cost inhibitor to non-work related families accessing the 24 hours (2 days) of early learning and care as these families cannot access the Child Care Rebate subsidy

Labour force participation

To what extent is female labour force participation influenced by the availability of formal childcare? How might the demand for ECEC services be affected by changes to female labour force participation?

ACA contends that female labour force participation is highly influenced by the availability of formal childcare. Centres deal regularly with parent concerns that no childcare place means no paid work. Our experience confirms that an increase in female labour force participation (especially of mothers with younger children) is positively correlated to an increase in demand for ECEC services. The reverse is also true. A reduction in the supply of services will reduce workforce participation, and a reduction in female labour force participation will reduce demand for formal childcare.

These important relationships were not accurately understood during the development of the COAG regulatory changes and still have not been adequately analysed. This signifies that successful implementation is still at risk. We explore that inadequacy in our next response.

To what extent does the relative cost of ECEC services determine the demand for those services?

We urge the Commission to consider a Treasury Working Paper of April 2010 "*How responsive is female labour supply to childcare costs – new Australian estimates*".¹

The Working Paper looked at the responsiveness of Australian women's labour supply to childcare costs. It questioned the conventional view (which underpinned the consultation Regulation Impact Statement) that the level of responsiveness is very low or negligible. It found that the limited literature in Australia had suffered from measurement error problems stemming in large part from shortcomings with data on childcare price and childcare usage. The salient finding is that childcare prices do have statistically significant effects on mothers' labour supply and childcare demand:

"The key finding is that, in contrast with previous Australian estimates, the cost of childcare does have a statistically significant negative effect on the labour supply of married mothers with young children.

"...on average, if the gross child care price increases by 1 per cent:

¹ Treasury Working Paper, 2010 – 03, April 2010, *How responsive is female labour supply to childcare costs – new Australian estimates*, Gong X, Breunig R, and King A.

the employment rate of married mothers with young children would be expected to decrease by 0.3 per cent; and

the hours worked by married mothers with young children would be expected to decrease by 0.7 per cent

“Along with labour supply of the mother, we also investigated families’ demand for childcare for each child in the family. The estimate of child care demand elasticity with respect to its price is -0.66 – that is, if the average gross child care price increases by 1 per cent, the formal childcare hours used for the average young child would be expected to decrease by 0.66 per cent. (Working Paper, Executive Summary)

The Commission will of course understand the significance of these findings and we encourage you to explore them as part of your research. The findings make it even more important for there to be a *proper* understanding of the likely cost impact of the COAG regulatory proposals, based on a *proper* compliance with COAG’s own Best-Practice Regulation-Making Principles. It is not too late to get implementation right. We urge the Commission to investigate this and raise it in the draft report.

Future demand for ECD Workers

What effect will the new regulatory standards have on demand for ECD workers?

The new regulatory standards, if they are well implemented, will increase the demand for staff, and for staff with higher formal qualifications.

On the other hand, poorly designed implementation could result in a reduction in existing childcare jobs, along with a reduction in demand for childcare staff, until implementation inadequacies are overcome.

The Issues Paper correctly observes (p 14) that a consequence of introducing COAG regulatory changes may be to reduce the demand for ECD services and workers as consumers of childcare substitute informal for formal forms of care. This is because parents would be priced out of an already high-quality system into a relatively lower quality and higher risk - but cheaper – alternative.

Unless parent affordability and supply protections are implemented at the same time as the regulatory changes, the net result will be a reduction in quality, a loss of jobs-in childcare and in the general workforce, and a loss of childcare services.

What options are available for funding the increased wages and salaries of more highly qualified ECD workers?

ACA believes the only sustainable way to fund the increased wages cost – at the same time as protecting existing service-quality, existing sector jobs, and existing workforce participation, is through the parent subsidy systems.

ACA argues that the only feasible way to prevent reductions in quality and loss of workforce is for government to introduce appropriate parent affordability and supply protection *at the same time* as implementing the regulatory changes. At the very least, Parliaments should be alerted to the need

for insisting that likely cost and supply impacts are investigated and understood, through compliance with what are, in effect, parliamentary requirements set out in COAG and state level regulation-making requirements. That is the evidence on which correct protection of affordability and supply must be based.

The Commission considered the COAG decision-making in its August 2009, *“Annual Review of Regulatory Burdens on Business: Social and Economic Infrastructure Services”*. The Access Economics report which underpinned the Regulatory Impact Statement was unable to quantify costs or benefits of the proposed quality rating system, and unable to quantify with any certainty the proposed regulatory framework. That analysis could not be done because the relevant detail was not available (and, largely, remains unavailable).

The Commission recommended that the Department engage in further analysis and consultation with the sector, and reported that failure to do so would amount to failure to comply with COAG’s own best practice regulation-making principles (page 102).

Appropriate consultation and analysis has still not happened. Even more alarming, independent expert estimates of parent costs were rejected, apparently because such estimates conflicted with and were more threatening to the affordability issue for families than the estimates in the (incomplete) RIS.

The sector has still not seen draft regulations. The quality rating system is still being designed.

How will increased fertility rates, changing family structures, the introduction of paid parental leave and other demographic, social and policy factors affect the demand for ECD services and ECD workers?

ACA’s guess is that, individually and collectively, these factors will increase demand for services and for workers. We do not feel equipped to attempt to quantify that increase. As explained above, we anticipate that the biggest demand driver will be the increasing understanding that childcare centres are mostly about helping parents with early learning and development, and that our parent workforce support role is ancillary to that.

Supply of ECD workers

Do providers of ECD services have difficulties finding staff? If so, are these problems more pronounced in some ECD occupations or in some areas of Australia? Why is this the case?

ACA is not equipped to research these issues in the detail we would like. We offer the following comments in the hope it may help guide the Commission’s research.

Although it is difficult to generalise across jurisdictions and across classifications, it would be fair to say that centres struggle to find degree and diploma-trained teaching staff. This seems to be a national problem but is a particular issue in NSW, where childcare centre regulation requires four teaching staff in 90 place centres.

The supply problem is exacerbated by the fact that degree-trained teaching staff are often not being suitably equipped to deal with the needs of children aged three and under, or for dealing with parenting-support matters.

In the Australian Capital Territory, the shortage of qualified staff is critical with no immediate solutions as to how this can be addressed to accommodate the additional qualified staff requirements under COAG.

Western Australia and other states/territories with services in rural, remote and regional areas are all reporting a huge disparity in the number of positions available to the number of suitable applicants.

Transport problems also feed into staffing problems. For example, in the Sydney and Melbourne metropolitan areas, transport difficulties make it hard to attract staff into certain geographical areas because of inadequate public transport systems, exacerbated by the cost of, and lack of, car parking.

How much of the shortages caused by low wages or wage differentials? Are there other factors (such as working hours or conditions) that are important in attracting staff to the sector?

Wages and wage differentials are relevant but we do not see wages or conditions as being the major factors. For the reasons explained above, we see the major factor as the community misunderstanding about the true learning and child-development value of childcare centres. More staff, and better trained and informed staff will be attracted to the sector when Australians understand that the most effective early child learning and teaching happens in the 0-5 age range using play-based, parenting-connected methodologies. That is the fundamental blockage, not perceptions of low-wage or conditions.

ACA invites the Commission to test the claim that shortages are caused by relatively low wages. We think a fair analysis will reveal that wages for childcare staff are comparatively fair.

In suburban Sydney, for instance, we understand that childcare wages compare favourably to wages in food and hospitality settings, and in retail.

This is similar to the Victorian situation and we invite the Commission to look at ‘untrained’, certificate III, and diploma-level staff in each of the Food and Beverage, Retail, and (to get a sense of gender equity), the Joinery and Building Trade sectors.

Another major factor related to LDC workforce supply problems is staff training.

Ideological prejudice is part of the reasons many graduates seek to work in the formal school sector, and treat their early childhood qualifications as a stepping stone either into that formal education sector or into higher-level tertiary training. A recent class of graduates in the ACT produced no graduates for the private sector. A recent NSW South Coast course attracted 40 students. Only five graduated.

Other problems associated with content and delivery of training includes:

- TAFE does not seem to be able to cope with the existing level of demand for places – at least in some jurisdictions
- Affordability for existing staff wanting to pursue higher-level qualifications is still an issue

- Recognised Prior Learning can be valuable for employer and employee, but it is often not being well enough delivered. It is only effective if it is delivered suitably in a manner that the true professional position of the staff members is identified and if further study is needed it will be undertaken.

Staff retention and turnover

To what extent are ECEC services experiencing staff retention issues?

It is again difficult to generalise: a general comment would be that retaining staff is a national level concern for the sector.

However, the nature and extent of the problem varies from state to state, and is likely to vary even within different parts of states.

Once again, we see the key solutions being related primarily to improving the public understanding of the development and early learning focus of early services, together with improved training, so that when staff enter the sector, they do so with improved knowledge and understanding.

Are there examples of effective staff retention strategies in the ECD sector?

Yes. Thousands of successful Australian centres can point to long-standing employment relationships with highly valued and highly valuable staff. Staff retention strategies are as varied as centres themselves.

ACA asks the Commission not to accept assertions that rates of staff turnover in long day care centres are either absolutely or relatively too high. We trust that the Commission will conduct its own research in this regard.

Pay and conditions

What are the key factors influencing an individual's decision to work in the ECD sector? Are the wages and salaries for workers in different ECD occupations appropriate, given the skills and qualifications required? If not, how might this best be addressed?

ACA accepts that the various issues identified at page 16 are worthy of consideration. Nevertheless, we do not accept that they are key factors influencing an individual's decision to work in the sector.

The best way to address the underlying issues is by addressing the sector's broader marketing problem referred to above.

To the extent that sector wages are perceived not to reflect true worth, is because the true worth of the whole sector is not yet fully appreciated.

That said, the 2005 Work Value Case did address some of the wage disparities which were a problem. The structural issue is to lift the public's understanding through well-designed and comprehensive public education.

Understanding pay and conditions requires understanding a duality: ECD wages and conditions are not inappropriate when measured against other comparable occupations, but, in a broader sense, *all*

ECD is not yet fully understood or fully appreciated for its value to children, families and the community.

The best way to address this faulty misconception is to ‘educate’ the public and our law makers—through appropriate campaigns. The National Early Childhood Development Strategy has already identified this as a key priority, recognising, we believe, that it is not reasonable to expect governments or parents to correctly value our work and our staff until the general population understands why they should invest more (as consumers and taxpayers) in ECD, enabling more families and children more access, especially children from vulnerable backgrounds.

Chapter 3 of the National Early Childhood Development Strategy deals with implementation.

“Drawing on the evidence and areas of greatest concern for children, a range of steps have been identified in table 4 on page 27 that will be considered to address specific gaps and further build capacity over the life of a strategy to achieve the vision by 2020.

Within the steps, a number of specific reform priorities have been identified. One of those is to build parent and community understanding of the importance of early childhood development, including through providing evidence based information.”

ACA believes building that parent and community understanding is the critical first step.

Neither Treasury departments nor taxpayers can reasonably be expected to fund the proposed COAG staffing and qualification changes if they do not first properly understand the actual parenting-support and child-development role already being delivered through childcare centres.

Regulatory burden

Does the regulatory burden have a significant impact on attracting or retaining staff in the EC the sector?

Yes.

In many instances, staff are not academically equipped to deal with the expected reporting and recording that is a regulatory expectation.

Do you expect recently announced reforms to make a material difference to the regulatory burden facing ECD workers?

That is our hope. However the results are not clear because the sector is yet to see the draft regulations. An information paper released in late December provides a broad overview. The revised quality rating system is still being designed and piloted, so the impact of the rating system remains unknown.

In our view, the broader sector has not been adequately involved in the design of the regulations or in the design of implementation. Forums have been held across the country which has been appreciated, but they failed to address the concerns of many delegates because of the extremely structured manner in which they are delivered.

What more could be done to reduce the regulatory burden?

ACA believes the best way to reduce the regulatory burden is to improve the way childcare regulation-making happens.

And the key to that seems to be to find ways to *enforce* government compliance with its own best-practice regulation-making principles - to ensure that the right people are involved at the right time looking at the right evidence.

We can only ask the Commission to once again repeat its message to government about the compelling social and economic sense of good regulatory decision-making as the precondition for good-quality regulation, as a precondition to securing the hoped-for COAG outcomes for child, family, jobs, and governments.

Qualifications

How appropriate are the qualifications required for entry into various ECD occupations?

ACA has a range of concerns. A basic issue is that many people mistakenly equate formal teaching *qualifications* with teaching *effectiveness*. Some of our most effective teaching staff are not formally qualified. Some of our diploma trained teaching staff are more effective than some degree qualified teaching staff. Some of our degree qualified teaching staff are more effective than other degree qualified teaching staff.

No one doubts the good sense of seeking to improve qualifications, and competence, over time. But to mandate increased levels of formal qualifications is not the optimal solution.

There is also a need in our view to improve training content. In particular, the amount of time spent in centres doing practicum needs to be increased. In Victoria, for example, the suggestion is that it needs to go from two weeks to six months. Traineeships and “learning on the job” produce more competent staff members than those with theory as their major learning component.

There is an increasingly important place for formally qualified teaching staff. But much more attention needs to be given to working with existing workforce to enable and assist them to upgrade their qualifications, especially through professional development and in service training opportunities. Relatively more attention needs to be paid to improving the content and delivery of professional development workshops.

Professional status of the ECD workforce

Do you consider professional status to be an issue for the ECD workforce? How might a change in status be achieved?

The matter of professional status is caught up in the fact that the general public does not yet properly understand the work of the ECD sector. Accordingly, the best way to address the matter of ‘professional status’ is to address the marketing objectives referred to above. When the community understands ECD on the correct basis, professional standing will follow.

Future supply of ECD workers

Will the supply of qualified ECD workers expand sufficiently to meet COAG's objective?

No, at least not without further government support. Government will have to help with the 'cost' and 'time' elements.

This mismatch between the regulatory changes and the absence of adequate staff numbers must be addressed. In our view, regulatory changes can only be successfully implemented when appropriate parent affordability and supply protection is in place and when the increased staff are actually available.

There are suggestions that existing and likely increases in staff shortages can be managed through temporary legal waivers. The proposals themselves implicitly recognise that centres will not be able to comply. If it is already known that the sector will not be able to comply, surely that is a reason for reviewing the nature of the proposals and the timing of their implementation.

One notion ACA is keen to explore is the idea of using a 'bonded HECS' arrangement. Essentially, we envisage that a student would be assisted with a HECS type arrangement, but with the additional element that the student would be bonded to remain in ECEC employment for a specified period of years. Conceptually, it is not unlike previous Australian strategies for attracting teachers to the formal school system.

Quality of Training Courses and Providers

Are training providers and courses of sufficient quality to meet the needs of the ECD sector?

Generally speaking, yes but there are two concerns:

1. degree-qualified teachers are often not equipped with the right mix of skills. In particular, there is often an absence of programming aptitude with the under threes, in dealing with parenting-development issues and in general care of children in a long day care setting, and the requirements under the current accreditation process. Diploma-level graduates are often better trained and motivated to deal with each of these very important operational, health and safety matters.
2. our claim in item 1 does not hold across all jurisdictions. Indeed, in some parts of some jurisdictions, the perception is that VET graduates are not receiving an adequate level of competence in a range of operational areas.
3. there is still a sense of unease about the adequacy of some 'short-course' qualifications delivered through some Registered Training Organisations. Having said that, this concern seems to have dissipated over the last year or so in some jurisdictions, but not all.

Productivity of the ECD workforce

What is the scope for productivity improvements in the ECD sector?

Productivity in the sector and the economy would be improved by:

- Finding ways to ensure access for all children, especially children from vulnerable backgrounds,
- Improving operational flexibility, by improving regulation efficiency and effectiveness, by improved regulation decision-making. Apart from matters of conduct and flexibility, inappropriate regulation destroys value by increasing costs without commensurate increases in quality, and by generating unintended consequences – for example, by reducing quality instead of increasing it, and by increasing risk rather than decreasing it.

Staff would be more productive if they were able to spend more of their time interacting with children and parents and less time tied up in paperwork. Ironically, some of the regulatory burden has been put in place in the misguided hope it would help staff improve the quality of their interactions.

Key issues:

- Lack of coordination – between levels of government, and between agencies at the same level. For instance, refer to our comments about the need to map the current integrated networks between universal and targeted centres and find ways to improve their coordination.
- There is still too much academic/bureaucratic decision making and not enough consultation with the hands on personnel prior to drafts being conceived. COAG proposals may reduce the duplication between existing Commonwealth quality inspection and assurance and regulation, and state quality-measurement regulation.

But revisions to the quality-rating system, although detail is not yet available, may result in even more prescription in a system already too complex.

- Perhaps the most worrying concern in the productivity improvement sense is the proposal to convert a successful light-handed quasi-regulatory scheme into black letter law. The key quality driver will continue to be the interaction between adult and child. Pretending that the law is the best vehicle for improving the quality of such interaction skills is absurd. The law can't make relationships warmer, more caring, or more loving. But the proposals appear to give regulators the capacity to threaten prosecution on that basis. The ability to make that threat, by itself, will change sector conduct in a way that is almost certain to reduce productivity.
- Perhaps the biggest productivity-destroying possibility is the ongoing refusal to acknowledge the likely parent cost impact and likely loss of places for babies. Clumsy implementation of well-meaning attempts to improve quality is at risk of reducing sector productivity, as well as economy-wide productivity and workforce participation.

Workforce Planning

Have initiatives to increase the supply of ECD workers been effective?

ACA is yet to see any increase in the supply as a result of these initiatives. We support the initiatives in principle, but we agree with the issue paper that the extent to which these measures have been, or will be, effective is not yet clear. We are not optimistic these initiatives will produce a sufficient increase in supply. In our view, much more needs to be done to improve quality and delivery of professional development of existing staff.

Consideration of the terms of reference

The Commission is directed to consider and advise on a range of specific matters. We will now attempt to apply our broader comments to specific questions.

Factors affecting current and future demand for ECD workforce

- Demand for the ECD workforce in centres will remain directly related to demand for centre-based early learning and parenting support services. ACA anticipates that such demand will continue to rise broadly in line with existing trends, subject to two possible disruptions:
 - Demand for workforce will spike if the community were to recognise that their child is missing out on important developmental and learning advantages by not taking up existing entitlements to 24 hours of subsidised access.
 - Demand for workforce may plummet if the COAG proposals are implemented without acknowledging parent affordability and supply protection. Unprotected implementation will cause major drops in parent demand, either because parents find themselves priced out of the market, or many smaller centres are forced to reduce existing supply of child care places.
- The difficulties in attracting the right staff in the right amount results mostly from community misunderstanding about our early child-development and parenting-support role. More staff will be attracted when there is general acknowledgement that centre-based ECEC has *three* core elements – early child development, especially early-learning; assisting parents with early child development and supporting parents balance of paid work and family.
- COAG proposals on qualifications are generating confusion, uncertainty and anxiety
- Competent and experienced staff see themselves as being disenfranchised
- Treasury Working Papers of April 2010 found that childcare prices do have a statistically significant effect on mothers' labour supply and childcare demand.
- Proposed regulatory standards will increase demand for staff, and for staff with higher formal qualifications, but only if well implemented.

- Poorly designed implementation (with no parent affordability or supply protection) will reduce existing childcare jobs, and reduced demand for staff. This reduced demand will remain the case until parent subsidies are adjusted to help with cost increases associated with the proposals.
- The existing LDC system is demonstrably high-quality, but affordability is already a problem. It is important for well-designed implementation of COAG regulatory proposals to understand that context. Quality-improvement is a never-ending quest, but the main policy challenge is to keep improving quality in balance with parent affordability and accessibility.

Solutions

Improving quality is a sound objective, but should be centred on up-skilling *existing* competent and committed workforce, rather than giving undue priority to using the law to compel higher formal teacher qualifications.

Using the law to force operators to use teaching staff with higher formal qualifications assumes that higher qualification equates to higher teacher effectiveness. This is not borne out by sector experience, or by the research evidence.

The key solution is to concentrate a greater weight of resources on improving the content and delivery of professional development and in-service training, especially through the more efficient and effective use of information and communication technologies.

The main challenge is to improve the content and delivery of existing tertiary level training.

Factors affecting current and future supply

Not enough school students yet understand that early learning and care centres are a highly effective and therefore highly rewarding part of the teaching and learning spectrum. A public education campaign should be targeted at helping potential teaching undergraduates understand the reasons why early child development in a 0-5, play-based parenting connected setting is so effective and so rewarding.

Factors affecting the required mix of skills and knowledge including

(a) delivery of fully integrated ECT services

Centre-based childcare already integrates early learning and care, and is part of an existing integrated network of related early child development professionals, especially health professionals. The challenge is to map that network and explore ways to improve it. The important challenge is not co-location. What matters more is:

- Improved coordination
- Timely access to specialist services
- Making proper use of existing infrastructure

- Focusing on prevention
- Using services that engage with parents and parenting
- Making sure that professionals across health, early learning and family support services work together – whether they are co-located or not. The objective should be to improve coordination of existing parties in the existing network.

(b) market requirements for broader leadership, management and administrative skills

Privately-financed and operated centres cater for approximately 70% of Long Day Care places nationally. The ACA is not aware of any general market requirements for broader leadership, management or administrative skills.

Skill deficits include:

- Designing early learning programs for children aged three and below,
- Dealing with parenting support issues
- Ensuring that graduates, whether VET or university are better informed about the nature of the role. Students need more exposure to the sector through more practical placements.

(c) availability and quality of pre-service education

Quantity is generally acceptable, subject to our comments about the failure of TAFE to meet demand in some jurisdictions, and the need for training subsidies to be available across all RTO's, not just TAFE.

Quality: The use of a broader range of both public and private RTO'S has generally been successful. There were initial concerns about the quality of certain short-course qualifications. These concerns appear to have dissipated in some jurisdictions, but not others.

(d) ECD workforce participation

Ease of access – this is problematic. All jurisdictions struggle to find qualified teaching staff, whether degree-trained or diploma trained, especially in rural or remote regions

Net return to individuals and recognition of expertise—most staff in most centres enjoy their role, and are rewarded by it. Most staff nevertheless recognise that the full significance of their role is understood and fully appreciated by only 30% of the population.

(e) the quality and skills of the workforce, job design and workplace arrangements and their contribution to achieving COAG outcomes

- Generally, the quality, skill, and commitment of the ECEC workforce is high, reflected in the ample evidence demonstrating that the quality of centre-based services is also high.
- Jobs and arrangements are rendered less flexible than possible, largely by reason of poorly designed and poorly administered regulatory frameworks, and the inadequate integration between childcare quality and licensing regulation on the one hand and industrial

regulations on the other. That it is one of the examples of the lack of coordination holding the sector back.

- Regulations can have exactly the opposite to their intended effect. Poor quality regulation (design and enforcement) already results in sub-optimal child-development and family support outcomes.
- Incomplete compliance by COAG with its own regulation-making requirements will generate unintended consequences for families children and staff

Workforce planning, development and structures short medium and long-term

(a) career pathways

Structure of existing employment arrangements and practices

- The aim should be to maximise flexibility, through enterprise based arrangements, based on actual productivity improvements
- The aim should be to minimise industry-wide bargaining arrangements not based on enterprise productivity.

Strategies to address pay equity

Pay equity issues were argued and resolved in the recent the recent 'Work Value' case in the Australian Industrial Relations Commission. The few classifications not included in the Work-Value case have recently been addressed as part of the Award Modernisation process, although not all increases have yet flowed through to employees.

Options for funding pay increases

- Sustainable funding depends on building a strong community understanding of the social and economic reasons why more children should be getting more access to the early child development system. Until governments and taxpayers are educated and have a genuine understanding and belief in the intrinsic value of early learning and care on the child's advancement through the schooling system this will not be addressed.
- Currently, material pay increases can't be absorbed by existing levels of operating revenue. Some centres will be able to absorb a small percentage of increases, but the bulk of the increased costs will either be passed on to parents who can afford to stay in the system.
- The only feasible option is for government to protect parent affordability and supply of places, largely through the parent-subsidy system.

(b) potential labour market failures

The highest risk of failure is that COAG staffing and qualification proposals will not be realised (in the required time frame) because increased staff numbers will not exist.

The only sustainable way to deal with those staff shortfalls is to deal with the sector-wide marketing issue.

(c) the concept and workforce implications of integrated service delivery

Integration must not be allowed to be used as a smokescreen by certain parties seeking to shift market share away from existing service providers.

We ask the Commission to follow the *Investing in the Early Years – a National Early Childhood Development Strategy*.

That Strategy identifies the primary targets – more coordination, services which are more comprehensive, more interdisciplinary, and more flexible with a greater focus on prevention.

There is a need to maximise use of existing infrastructure and for services and professionals across health, early childhood education and care to work closely together regardless of whether they are co-located or not.

As we see it, the main opportunity (in ECEC) is to map existing networks and relationships, and suggest possible ways to strengthen and nurture those relationships.

ACA appreciates the chance to offer our comments and ideas and looks forward to being involved in the next stages.