

Wage Justice for Early Childhood Education and Care Workers (Special Account) Bill 2024

**Goodstart Early Learning submission
October 2024**

About Goodstart

We are for children, not profit

Goodstart Early Learning (Goodstart) is Australia's largest not-for-profit social enterprise and Australia's largest provider of early childhood education and care, with 654 centres located across every state and territory, supporting more than 61,400 children from 51,500 families with a team of 15,800 employees.

As a not-for-profit social enterprise, our purpose is to ensure all Australia's children have the learning, development and wellbeing outcomes they need for school and life. Our team of dedicated early years professionals are essential to delivering on our purpose for children and families.

Overarching statement

Goodstart welcomes the Wage Justice for Early Childhood Education and Care Workers (Special Account) Bill 2024 (Wage Justice Bill), which provides a legislative basis on which the Government will deliver its historic commitment to fund a 15 per cent wage increase for early childhood educators over the next two years. This Bill and the supporting Government investment recognises the value and essential services provided by early childhood educators for working families, employers and children – with benefits ultimately flowing to the economy and our society as a whole. We support the timely passage of the Bill to provide certainty to service providers and educators, teachers and other early childhood education and care professionals who will receive this investment through an increase in their take-home pay.

Our workforce of educators, teachers, directors and support workers including admin assistants and cooks are the foundation of the Early Childhood Education and Care (ECEC) sector - a foundation which enables Australian children to access high-quality early education and care to support their development and learning, and parents and carers to participate in work, study and training. We know that ECEC is an essential service that directly contributes to our economic productivity as a nation. Modelling shows a potential return on investment for Government of 2:1¹, with the potential to increase our GDP billions² and even further benefits accruing long term as access to quality early education builds our human capital and increases our productivity as children grow up. We also know that without a stable, experienced workforce to deliver high quality ECEC, large proportions of parents would simply not be able to participate in work, study or training, resulting in negative impacts for them, their employers, their children and the economy. Each unfilled educator role can impact up to 15 families each week and we have seen significant and worsening workforce shortages across our sector since COVID.

This Bill makes a significant downpayment on addressing the workforce challenges facing the sector.

We have seen strong and consistent findings by Australia's leading policy institutions including the Productivity Commission (PC), the Australian Competition and Consumer Commission (ACCC), Job and Skills Australia (JSA), and the NSW Independent Pricing and Regulatory Tribunal, that low wages are a major driver of workforce shortages. ECEC professionals are paid well below their similarly qualified counterparts

¹ PWC (2019) A Smart Investment for a Smarter Australia: Economic analysis of universal early childhood education in the year before school in Australia, The Front Project: https://elacca.org.au/wp-content/uploads/2020/02/ECO_ANALYSIS_Full_Report.pdf

² Modelled benefits range from \$4 billion to \$48 billion in terms of potential boost to GDP, depending on the level of Government investment: Grattan Institute (2020) Cheaper Childcare: A practical plan to boost workforce participation; KPMG (2020) The Child Care Subsidy: Options for increasing support for caregivers who want to work; The Australia Institute (2022) The Economic Benefits of High Quality Universal Early Child Education. For a more detailed summary of the benefits of ECEC for Australia see Goodstart's submission to the Productivity Commission Inquiry into Early Childhood Education and Care, May 2023:

https://www.goodstart.org.au/getmedia/5c3ce4d6-e431-430e-9640-81f30f51895c/PC-Inquiry-into-ECEC_Goodstart-Submission_FINAL_video-link.pdf

in the school system. For example a Certificate III qualified educator would be paid an award rate of \$49,095 in the ECEC sector, but up to \$65,406 if employed in the government school system. For teachers this gap is more pronounced – teachers in the ECEC sector receive an award rate of \$90,283 but up to \$122,100 in the government school system (see Table 1 below).

These inquiries have also consistently found there is a clear and necessary role for Government to invest in long-term wage increases for ECEC workers. Without direct Government investment, the costs of improved pay for ECEC professionals would be borne by families through increased fees and out-of-pocket costs. This Bill and the approach by Government to fund the wage increase strikes the right balance between directing Government investment to improved pay for our educators across Australia, with a reasonable expectation on services in relation to ‘capping’ fee growth while services are in receipt of this funding. Goodstart recognises that with increased investment comes increased responsibility. We are supportive of the constraint on service fee increases in the period as a condition of receiving this significant funding from Government. We also recognise the fee increase limits were informed by the analysis of increases in labour costs which were identified as being higher than CPI by the ACCC. The approach adopted by Government also ensures that investments in above award pay and conditions made by providers like Goodstart to date are retained. This approach is essential to ensure providers that have prioritised investments in their workforce in the past are not disadvantaged.

Looking forward, the PC’s A Path to Universal Early Childhood Education and Care – Final Inquiry Report (PC Final Report) supports governments playing a role in supporting the ECEC workforce for many reasons, including that the ECEC sector delivers important economic and social outcomes by supporting childhood development and workforce participation, which will not be fully realised without a stable, sufficient and experienced workforce. Further, governments directly influence ECEC workforce outcomes through policy, funding and regulatory settings – including the establishment of minimum qualification and ratio requirements, which points to a need for governments to play a more active role in supporting the ECEC workforce than they might in other sectors. Last is the critical economic role ECEC plays as an enabler for increases in workforce supply for other industries and sectors. Without an adequate workforce, the resulting decrease in access to ECEC can exacerbate wider labour market pressures.³ JSA’s Future of the Early Childhood Education Profession - Early Childhood Education and Care Workforce Capacity Study (JSA Capacity Study) also makes explicit recommendation that governments should contribute funding to drive long-term wage increases for ECEC workers.⁴

We celebrate this Bill as a historic first step towards addressing the persistent challenges facing our workforce and ensuring ECEC professionals are recognised and fairly remunerated for the invaluable role they play in families and children’s lives, and in the communities they serve. We are confident that this wage increase will attract workers to the sector, including those who have left to come back to the sector, just as we saw in aged care – the announcement by the Fair Work Commission of a 15 per cent wage increase in November 2022 for aged and disability carers was followed by a fall in vacancies in this sector of 13.3 per cent.

However, there is still significant work to be done to secure a long-term funding mechanism and Goodstart welcomes the opportunity to work across Parliament to ensure the 15 per cent wage increase is maintained as a Government-funded investment. As a critical first step, this Bill must be accompanied by a long-term, bipartisan commitment to ensure we improve pay and conditions for the ECEC workforce into the future –

³ Productivity Commission (2024) A Path to Universal Early Childhood Education and Care – Final Inquiry Report, Volume 1: [Volume 1: A path to universal early childhood education and care \(pc.gov.au\)](#).

⁴ Jobs and Skills Australia (2024).

well beyond the 2028 sunseting date included in the Bill. This commitment would deliver multiple objectives for Government and the sector, including improved quality of ECEC as better pay results in a more stable and experienced workforce, accessibility and more places for families, and affordability by ensuring wage increases are not funded through higher fees for families. An ongoing commitment to fund wage increases for the ECEC workforce – 97 per cent of whom are women – also directly supports pay equity and addressing the gender pay gap.

Goodstart urges all sides of Parliament to back this important reform, and work towards the next critical step of securing ongoing support to increase wages for ECEC professionals.

Recommendations

Goodstart supports the Wage Justice Bill and recommends the following:

1. That a bipartisan commitment be made to provide ongoing support for a wage increase in the ECEC sector of 15 per cent or higher, recognising that without a stable and experienced workforce, children will not be able to access high-quality early education and care to support their learning and development, and parents and carers will not be supported to participate in work, study and training.
2. That Government include ongoing funding for ECEC wage increases as a central part of its response to recently released reports by the Productivity Commission: A Path to Universal Early Childhood Education and Care – Final Inquiry Report, the Australia Competition and Consumer Commission Child Care Inquiry - Final Report, and Jobs and Skills Australia: The Future of the Early Childhood Education Profession - Early Childhood Education and Care Workforce Capacity Study.

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

Name: Myra Geddes

Position: General Manager, Social Impact

Goodstart Early Learning

Mobile: 0477 395 494

Email: mgeddes1@goodstart.org.au

Recommendations in detail

Recommendation 1: That a bipartisan commitment be made to provide ongoing support for a wage increase in the ECEC sector of 15 per cent or higher, recognising that without a stable and experienced workforce, children will not be able to access high-quality early education and care to support their learning and development, and parents and carers will not be supported to participate in work, study and training.

The ECEC workforce is the foundation of the sector. Teachers, educators and the services they provide are highly valued by parents and carers across the country, and thousands of parents would not be able to participate in work if they didn't have access to quality early education and care for their children. Children also value their relationships with educators and teachers more than any other aspect of ECEC.⁵ This is why the significant challenges facing the ECEC workforce should be of serious concern to all members of Parliament.

⁵ Productivity Commission (2024), Volume 1.

Numerous Government-commissioned inquiries and studies have described the strain the ECEC workforce is experiencing. Vacancy rates have been high and increasing since 2015⁶ and high levels of turnover and difficulty recruiting is impacting service delivery capability and quality.⁷ These workforce pressures acutely impact existing staff through workload strain and stress.⁸ The PC Final Report cites survey data collected by the Australian Government Department of Education in late 2023, which found around 86 per cent of services surveyed were operating below full capacity, and of these, about 29 per cent were limiting or capping children because they were not able to employ enough staff.⁹ More alarmingly, a survey conducted by Australian Childcare Alliance and completed by 477 centres found that 50 per cent were capping enrolment numbers, with 11,123 places withheld from families.¹⁰

The PC Final Report also found the share of workers leaving the sector (rather than just changing jobs within the sector) is significant - about half of those who identified working in ECEC in the 2006 Census had exited the sector by the 2011 Census. A similar proportion working in the sector in 2011 had exited by 2016. Further, attitudinal data cited by the Commission shows roughly one in four educators indicated they wanted to work in the sector for no more than 12 more months.¹¹ This is broadly consistent with Goodstart data, which shows that 58 per cent of employee-initiated turnover occurs in the first two years of service and 69 per cent in the first three years of service, and with the 2021 National ECEC Workforce Census, which found that 39 per cent of contracted staff had been in the ECEC sector for less than three years, and 69 per cent had been the sector for less than six years.¹²

The recently released JSA Capacity Study found current workforce levels are not sustainable to meet current levels of demand, based on evidence of overtime being worked, insufficient provision for ongoing professional development, time spent recruiting and onboarding new staff and supervising trainees, and the high and increasing use of staffing waivers under the National Regulations.¹³ The Report modelled a current shortfall of around 21,000 qualified ECEC professionals needed to meet existing demand and support more sustainable working conditions. This is in addition to the 18,000 qualified ECEC staff that would be required to meet estimated unmet demand in services not yet established.¹⁴

Staff shortages are having a material impact on the supply and cost of ECEC, and on the viability and quality of ECEC services.¹⁵ The quality of early childhood education is vital to its effectiveness,¹⁶ and the single most important factor in delivering quality is a skilled and stable workforce.¹⁷ Low wages are a major driver of

⁶ Jobs and Skills Australia (2024) and Productivity Commission (2024), Volume 2: [Volume 2: Supporting papers - A path to universal early childhood education and care \(pc.gov.au\)](#).

⁷ Jobs and Skills Australia (2024).

⁸ Jobs and Skills Australia (2024).

⁹ Productivity Commission (2024), Volume 2.

¹⁰ Australian Childcare Alliance Enrolments Survey Report October 2023.

¹¹ Productivity Commission (2024), Volume 2, citing unpublished Department of Education data (2024) collected via a voluntary sample survey of 5,643 ECEC educators.

¹² National ECEC Workforce Census 2021 tables 13 & 14

¹³ Jobs and Skills Australia (2024).

¹⁴ Jobs and Skills Australia (2024).

¹⁵ Australian Competition and Consumer Commission (September 2023), Child Care Inquiry Interim report: [September 2023 interim report | ACCC](#)

¹⁶ Australian Education Research Organisation (2024), Linking Quality and Child Development in Early Childhood Education and Care: [AERO Technical report – Linking quality and child development in early childhood education and care \(edresearch.edu.au\)](#)

¹⁷ Pascoe S & Brennan D (2017) Lifting Our Game: Report of the Review to Achieve Educational Excellence in Australian Schools through Early Childhood Interventions: <https://education.nsw.gov.au/content/dam/main-education/early-childhood-education/whats-happening-in-the-early-childhood-education-sector/media/documents/Lifting-Our-Game-Final-Report.pdf>

the workforce challenges faced by the sector – it is the top reason for leaving cited by Goodstart educators in exit surveys, with other reasons being lack of professional recognition and burnout. JSA reports between the 2017-18 to 2020-21 financial years, 10.4 per cent of child care workers left the sector for more highly remunerated and qualified positions of Primary School teachers, and 2.1 per cent moved to work in aged or disability care. Another 39 per cent moved to other occupations outside of the sector.¹⁸

This Bill provides an important part of the solution - analysis by the ACCC confirms this clear link between a better paid and stable workforce and quality service delivery.¹⁹ Governments can have confidence that investments made to improve pay and conditions for the ECEC workforce will contribute to improved professional capability and reduced turnover and will deliver better outcomes for children.²⁰

Government-funded wage increases for early childhood educators is also justified when their pay and conditions are compared to their colleagues with the same qualifications working in schools. Wage rates for educators (either in Government preschools or teacher aides in schools) are substantially higher in government schools than in the ECEC sector, and the gap grows for more experienced educators and teachers. This is facilitated by funding provided by State Governments, for example funding for community preschools in Victoria includes an additional payment per child per year to support higher wages and conditions for teachers and educators, contained in the Victorian Early Childhood Educators and Teachers Agreement (or equivalent).²¹ Direct government funding of wages supplementation means that schools and preschools offer wages and conditions much higher than centre based day care services, without having to pass costs onto families – see Table 1.

Table 1: Educator & teacher wages in centre-based day care centres and public schools, Jan 2024

Classification	Award rate (p.a.)	NSW Educ. Dept rate ³	VIC Educ. Dept rate ⁴	QLD Educ. Dept rate ⁵
Educator Cert III min. rate ¹	\$49,095	\$65,406	\$55,239	\$54,761
Educator Cert III max. rate ¹	\$52,384	\$76,689	\$70,742	\$71,172
Teacher graduate ²	\$70,157	\$85,000	\$78,058	\$81,630
Teacher maximum rate ²	\$90,283	\$122,100	\$115,737	\$113,330

1 Children’s Services Award 1/7/2023, NSW Education Paraprofessional (Cert III qualified), Victorian Education Support Officer Level 1 Range 2;

2 Educational Services (Teachers) Award; 3 School Learning Support Officer as at 15/7/2022; 4 1/1/2023 Victorian Government Schools Agreement 2022; 5 Teacher rates 1/7/2022, teacher aide rates 1/9/2023.

ECEC is a highly award-reliant sector, whereby a majority of education or care-based roles are covered by a modern award. Recent data shows around 70 per cent of child carers are paid minimum award rates, while only 11.7 per cent of child carers were paid on a collective agreement.²² Analysis by the ACCC found that

¹⁸ Jobs and Skills Australia (2024).

¹⁹ Australian Competition and Consumer Commission (September 2023); Australian Competition and Consumer Commission (December 2023) Child Care Inquiry Final report.

²⁰ Tayler, C. (2016) The E4Kids Study: Assessing the effectiveness of Australian early childhood education and care programs. Overview of findings at 2016. Final report to the Partner Organisations of the Effective Early Educational Experiences (E4Kids Study); OECD (2018) Engaging Young Children: Lessons from Research about Quality in Early Childhood Education and Care, Starting Strong, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264085145-en>.

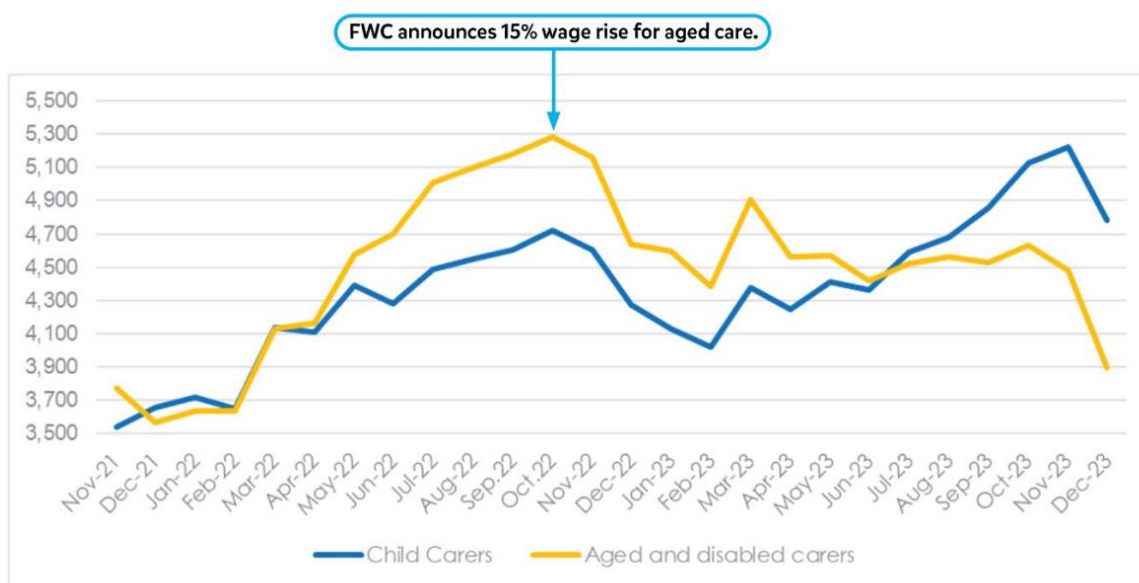
²¹ <https://www.vic.gov.au/kindergarten-funding-rates>

²² Jobs and Skills Australia (2024).

not-for-profit providers are much more likely to pay educators above award wages, with resulting lower turnover and more experienced staff.²³ Goodstart already pays our educators above award wages and we are pleased that this investment will be in addition to our existing investments. However, we cannot afford to increase this further without unreasonably passing the cost onto families.

It is clear improved remuneration levels would improve the attractiveness of ECEC, workforce retention and promote more career progression.²⁴ Investments made in aged care yielded positive results. In the year after the Fair Work Commission announced a 15 per cent wage increase in November 2022, vacancies for aged and disability carers fell 13.3 per cent (see Graph 1).

Graph 1: Monthly vacancies – aged and disability carers vs child carers²⁵



Government has an essential role to play in investing in long-term wage increases for ECEC workers, including to ensure that this cost is not borne by families through higher fees against the backdrop of cost-of-living pressures. The PC Final Report confirms this role, noting the ECEC sector delivers important economic and social outcomes by supporting childhood development and workforce participation which will not be fully realised without a stable, sufficient and experienced workforce. Further, governments directly influence ECEC workforce outcomes through policy, funding and regulatory settings, which points to a need for governments to play a more active role in supporting the ECEC workforce than they might in other sectors. Last, the PC Final Report points to the critical economic role ECEC plays as an enabler for increases in workforce supply for other sectors. Without an adequate workforce, the resulting decrease in access to ECEC can exacerbate wider labour market pressures.²⁶ The JSA Capacity Study also makes explicit recommendation that governments should contribute funding to drive long-term wage increases for ECEC workers.²⁷

²³ Australian Competition and Consumer Commission (September 2023).

²⁴ Jobs and Skills Australia (2024).

²⁵ Jobs and Skills Australia Monthly Internet Vacancies Index.

²⁶ Productivity Commission (2024).

²⁷ Jobs and Skills Australia (2024).

A Government funded wage increase for ECEC professionals is a priority use of public funds as failure to address recruitment and retention challenges will have tangible impacts on availability of places and the quality of ECEC for Australian families and children. This need is not confined to the period considered by this Bill – if workforce challenges are to be truly addressed, bipartisan commitment to ongoing support by Government is required. Without this, we will not secure the foundation required for a high quality, accessible and affordable ECEC system.

Recommendation 2: That Government include ongoing funding for ECEC wage increases as a central part of its response to recently released reports by the Productivity Commission: A Path to Universal Early Childhood Education and Care – Final Inquiry Report, the Australia Competition and Consumer Commission Child Care Inquiry - Final Report, and Jobs and Skills Australia: The Future of the Early Childhood Education Profession - Early Childhood Education and Care Workforce Capacity Study.

The explanatory memorandum accompanying this Bill confirms its purpose is to ensure ECEC workers are fairly remunerated, to help attract and retain ECEC workers, and to ensure that ECEC remains accessible and affordable to families. It also confirms that the special account it creates to enable time-limited wage subsidy payments to be made to the sector (the account ceases to have effect on 30 June 2028), is an interim measure while the Fair Work Commission finalises its gender undervaluation review of priority awards (including the Children’s Services Award 2010), and the Government considers the PC Final report and ACCC Child Care Inquiry Final Report to help chart a course for universal early childhood education and care. It commits that the Government will consider longer-term funding arrangements as part of its responses to these reports.

The PC Final report, ACCC Child Care Inquiry Final Report, JSA Capacity Study and state-based work such as that done by the NSW Independent Pricing and Regulatory Tribunal, all confirm that investments in the workforce to address constraints and challenges are necessary in order to make ECEC more affordable and accessible.

The PC final report also acknowledges the importance of Government funding to mitigate adverse impacts on ECEC affordability and accessibility that would result from wage increases being a cost borne by services. This would include higher out of pocket expenses for families as services are forced to pass on higher wage costs through higher fees, potential impacts on service viability and service closures, and a decline in quality of services as they look to offset the cost of increasing wages by reducing spending on other inputs that enhance ECEC quality.²⁸

Goodstart commends this historic investment and stands ready to support the Government to make ongoing support for wage increases in the ECEC sector a central part of its response to the PC Final report, ACCC Child Care Inquiry Final Report, and JSA Capacity Study. This would recognise the foundational role our workforce plays in the delivery of high-quality ECEC to Australian families and children, and that significant reform cannot happen without appropriate support for our educators, teachers, centre-based administration assistants, cooks, centre directors and other dedicated centre-based professionals.

²⁸ Productivity Commission (2024).