



POLICY PROPOSAL: Addressing the nation-wide critical shortage of early childhood educators

#BestStartInLife

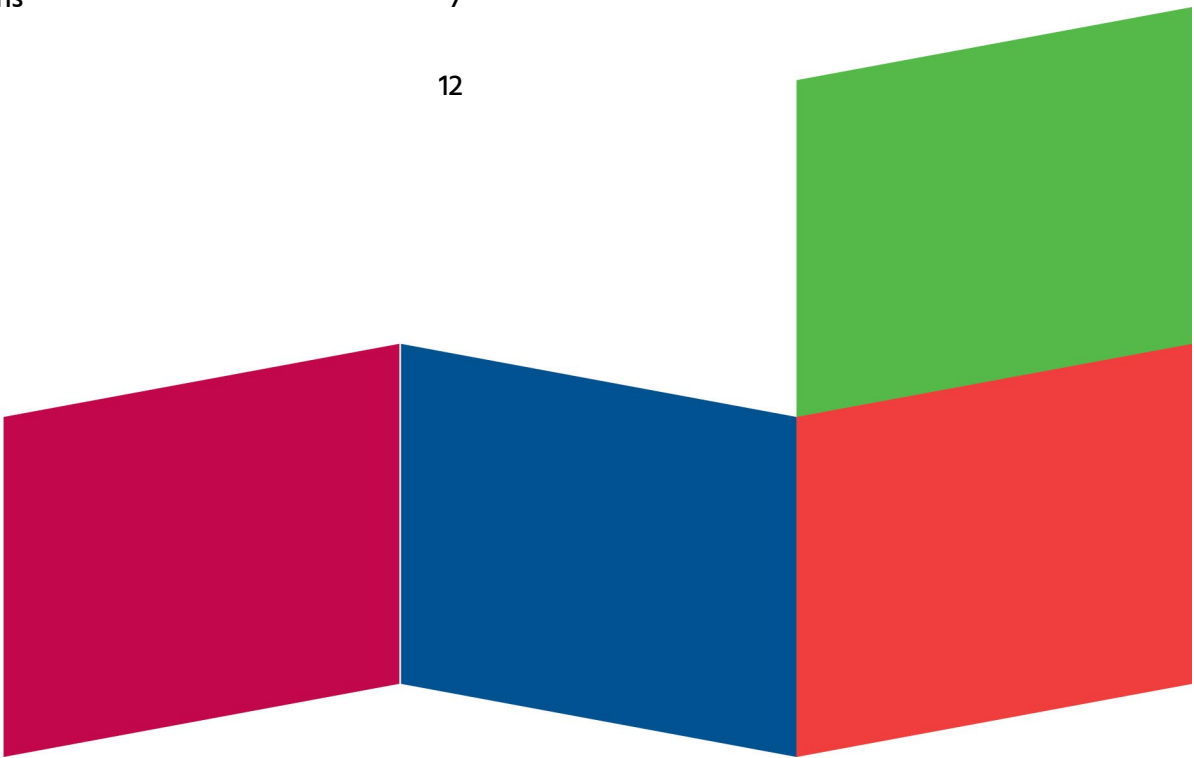


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Foreword

As the national peak body in the Australian Early Childhood Education and Care (ECEC) sector, the Australian Childcare Alliance (ACA) represents more than **2,500 members** and approximately **360,000 families** throughout Australia.

We work on behalf of long day care service owners and operators, predominantly private, to ensure families have an opportunity to access affordable, quality early learning services throughout Australia.

The COVID-19 pandemic has pulled the curtain back on the essential role the early learning sector plays in **supporting the recovery and growth of our economy** while allowing all working parents – essential and healthcare workers amongst them – to continue in the workforce.

Developmentally, **the benefits to our children are also clear** – children who enjoy quality early learning are likely to be well socialised, confident, inquisitive about the world, accepting of diversity, resilient to manage challenges and also to be life-long learners.

The **single most pressing issue** facing our sector Australia-wide right now is the **critical workforce shortage of qualified educators**. Without adequate numbers of entrants into the sector, early learning service providers across the country are struggling to meet the demand for places and to meet the regulatory requirements for the educator-to-child ratios.

We need to ensure no child is forced out of their early learning service, simply because there is a critical shortage of educators to care for them. This is happening to families today, right across Australia but is even more acute in regional, remote and disadvantaged areas of Australia. It is having a devastating impact on working mothers in particular and is exacerbating an overall worker shortage being experienced in all parts of the national economy.

As part of ACA's dedication to better protect the health and wellbeing of overstretched early learning educators and support staff, ACA is now working in partnership with LifeWorks – a globally recognised mental health and wellbeing partner – to offer the sector a comprehensive modern Employee Assistance Program (EAP). However this is simply not enough - the long-term issues of a critical educator shortage needs urgent action by government, working hand-in-glove with the sector.

ACA is committed to supporting our sector provide **the best start in life** for Australian children, and to do this we need a **strong, reliable workforce**. After a decade of workforce issues the need for action has become **critical**.

ACA commends the new Labor Government for its commitment to ensure greater affordability to families, via a higher Child Care Subsidy (CCS) rate.

However, we urgently need **immediate** and **long-lasting** solutions to the workforce shortages to ensure that we maintain high quality, affordable early childhood education across the nation.

We look forward to working with the new Australian Government to address this urgent issue and bring about the best outcomes for **all Australian children**.



Paul Mondo
President
Australian Childcare Alliance



The Problem: National workforce crisis

The Early Childhood Education & Care (ECEC) sector is experiencing a nation-wide workforce crisis; there are simply not enough entrants into the sector to meet the demand and to meet our regulatory requirements for the child-educator ratios. Right now, we urgently need at least 10,000 well-trained, competent early childhood educators and Early Childhood Teachers to fill vacancies.

The situation has been further amplified by the impacts of COVID-19, the growing demand for places for children, the growing issue of new centre builds and population sizes in rural and remote areas.

Sourcing Early Childhood Teachers (ECT) is an increasingly urgent challenge Australia-wide.

The Department of Education, Skills and Employment (DESE) has predicted that Australia will need around 39,000 additional educators, including 9,000 additional ECTs, by 2023¹. Meanwhile the National Skills Commission's Labour Market Insights indicate a national shortage of both child care workers and Early Childhood (Pre-primary School) Teachers, with overall employment in Education and Training projected to grow by 149,600 (or 13.4%) over the five years to November 2026².

A recent report³ produced by CELA (Community Early Learning Australia), ELAA (Early Learning Association Australia) and CCC (Community Child Care Association) revealed that over 4,500 job vacancies (minimum) were advertised in the first six months of 2021 and nearly half of all vacancies remained unfilled during that period. In 2022 the problem has grown exponentially for the sector, compounded by low unemployment rates and the impacts of COVID-19.

Across the board, there is a critical shortage of Cert III, Diploma and degree-qualified ECEC candidates.

This problem will continue to grow unless effectively addressed.

The Devastating Impact On families and The Sector

This workforce shortage is already impacting our families, their children and the broader early learning sector with detrimental effects at the individual service level.

¹ Page 18, ACECQA Workforce Report 2019 - <https://www.acecqa.gov.au/sites/default/files/2022-01/ProgressingNationalApproachChildrensEducationCareWorkforce.pdf>

² <https://labourmarketinsights.gov.au/industries/industry-details?industryCode=P>

³ <https://bit.ly/CELAWorkforceReportNov2021>



Inequitable family access to their ECEC service

Without early childhood educators, Australian families risk missing out on early learning (child care) places for their children as the important educator-child ratios must be adhered to, regardless of a workforce shortage.

Many services are already struggling to meet the educator-to-child ratios as set out in the National Quality Framework. In some cases services have had to apply for waivers around qualifications requirements.

This has meant that services have had to turn families away in order to comply with the relevant regulations. This is an **unacceptable** outcome for Australian families and the future of our youngest generation.

These shortages are also unfairly having an inequitable impact on working mothers who are trying to return to or are already participating in the workforce. If their child is being forced out of the centre due to a lack of educators on any one day, maintaining consistent employment becomes incredibly challenging. This lack of consistency and certainty for workers and their children cannot continue across the nation.

Lower quality ECEC services

Staff shortages translate to a lack of consistency which results in a lower quality of education and care, with less staff to meet the needs of the children and their families on a day-to-day basis, operate effectively as part of a team and deliver all the requirements under the National Quality Framework.

These shortages will also impact the Assessment and Rating results as more and more early learning services become impacted by this critical issue.

Lower quality ECEC services leads to poorer learning outcomes for Australia's young children, which in turn negatively impacts their learning experience from early learning through to their transition to primary school and beyond.

Services unable to remain viable

The ongoing daily battle to operate with a shortage of staff has a direct, immediate impact on the viability of the service.

In the context of educator supply issues, services are faced with the decision to reduce capacity, often resulting in having to close rooms and increase the fees. In the most extreme of circumstances, services have been forced to close the whole centre for some or all of their operational week. This scenario is more pronounced in the regional and rural areas where there are even greater limits on alternative staffing available.

To address staff shortages, some services rely on casual agency staff, paying them a much higher rate whilst employing them for the same hours as their regular staff.

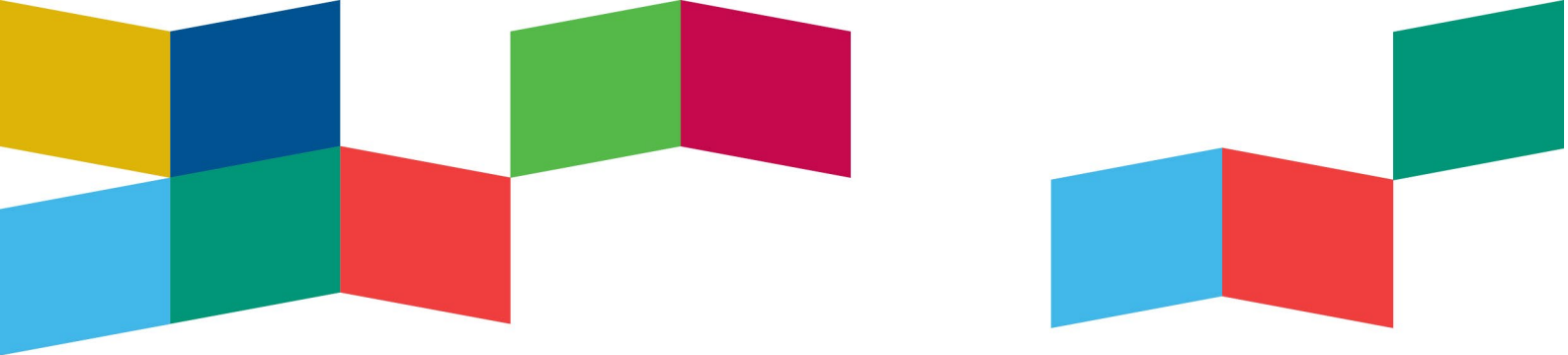
Generally speaking, service providers need to operate at a minimum of 70% capacity in order to just break even. If the service is short of staff and operating below 70% capacity, the service is not viable. ⁴

This stress flows down to the educators being asked to work over-time to keep the centre open for its families and children, whilst remaining compliant with regulations.

Educators stress and low morale

As already described, there is immense pressure being placed on the remaining educators to fill in for a lack of staff and work far beyond the normal hours for sustained periods. This is harming their mental health and overall wellbeing. Despite all attempts by providers to protect their staff, the situation is simply unsustainable. Being under-resourced and

⁴ Page 22, IBIS Industry Report Q8710 – Child Care Services In Australia February 2022



understaffed is creating a strong incentive for educators to seek employment outside of the early childhood sector thus exacerbating the problem of staff retention.

This is a dire situation that has long been recognised by the sector since the Productivity Commission Inquiry in 2014⁵. Whilst the pandemic has amplified the problems, inadequate resourcing has been an issue for nearly a decade in the ECEC sector.



⁵ Page 327 – 336 - <https://www.pc.gov.au/inquiries/completed/childcare/report/childcare-volume2.pdf>



The Solutions

Whilst all of these recommendations need to be actioned urgently, some will bring about immediate relief whilst others will address the longer-term issues. We need to focus on retaining existing staff, attracting already qualified staff back to the sector, and training up unqualified jobseekers to enter the workforce for long-term careers.

The Albanese Government recognises the challenge of addressing the impact of pay conditions on attraction and retention of staff in the sector and that any significant increase in wages for the child care sector must not come at a huge increase in cost to families who are already under significant cost of living increases. ACA believes that the Australian Government could swiftly fund an increase in educator wages in this sector as set out below.

SHORT-TERM

We urge the Australian Government to support the retention of qualified, experienced educators already working in the sector as well as attracting qualified and experienced candidates back to the sector by maximising workplace benefits.

We recommend:

- the Australian Government funds a one-off \$3,000 'reward payment' to existing early childhood educators and teachers, similar to the one-off Healthcare Worker Winter Retention and Surge Payment in Victoria*; and
- co-ordinating a national wage increase (in addition to the to the 4.6% increase in July 2022) that **will not impact on the costs to families**, by increasing the Child Care Subsidy (CCS) rate.
***Important context:** Staff wages generally make up over 50% of operating costs. ** However, this doesn't factor in the additional 4.6% increase as a result of the Annual Wage Review 2022 along with the market pressures of low workforce supply driving increased wages.*
- Engage with State and Territory Governments to ensure school-based ECEC apprenticeships are promoted via career advisors and seen as a viable pathway to complete their Year 12 school qualification (HSC, VCE or equivalent). This would provide students with ready-made employment options at the completion of school, with an immediate pathway to a Diploma qualification via a traineeship at approved early childhood education and care services.

OPTION A:

The Australian Government commits to an increase in CCS that will cover the cost of an agreed wage increase for the child care sector thus eliminating the out-of-pocket cost for families. This increase should be timed to commence at the time child care educator's wages increase.

ACA estimates that a 10% increase in wages would require a 6% increase in the CCS. This means the government would be subsidising families to be able to afford to meet the increased cost that the wage increase would bring, rather than subsidising the service providers directly. The government would need to develop an accountability measure to ensure that the increased funding is paid for the intended purpose of increasing wages.

* <https://www.premier.vic.gov.au/more-support-healthcare-workers>

** P23, IbisWorld Industry Report Q8710 – Child Care Services in Australia



OPTION B

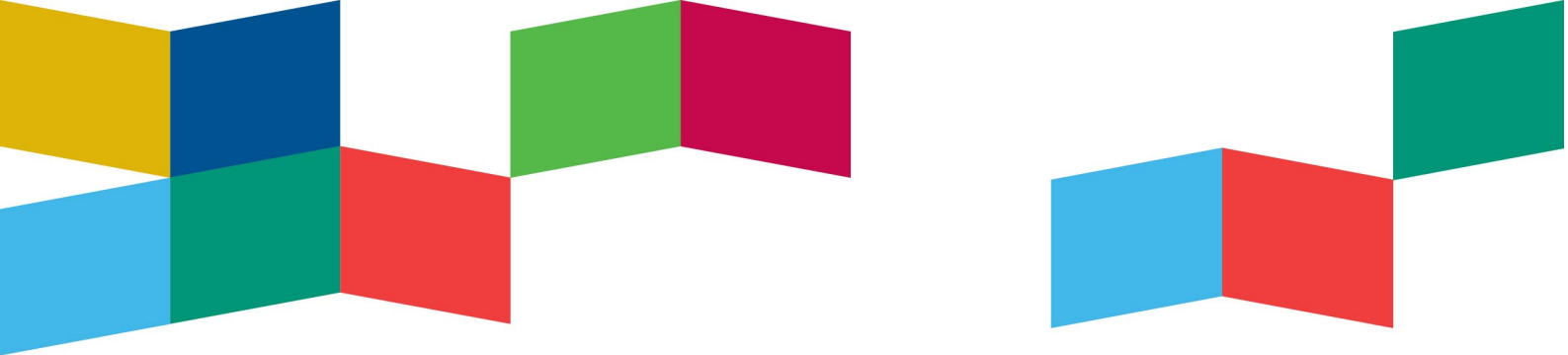
The Australian Government provides a **short-term wage supplement grant** for a 10% increase in wages, including a transparent mechanism that **ensures accountability** that the wage supplement has been directly passed on to the workforce. The mechanism must include consideration to the consequential impact of superannuation, workers compensation insurance, Award-associated replacement staff to meet ratios and payroll tax (a cost only borne by for-profit providers). The proposed wage supplement grant would need to be co-designed by all relevant stakeholders to ensure there are no unintended consequences.

Additionally, the terms of reference for the Australian Government's planned Productivity Commission inquiry should establish a subsidised rate for the implementation of the government's 90% universal subsidy, to provide long-term certainty without the need for a wage supplement and without negatively impacting on affordability for families. This rate, when introduced, should adequately cover the cost of delivering high-quality ECEC including wages and conditions that recognise the essential role of early childhood educators and teachers. It should also consider the relevant on-costs incurred as a result of any increase to wages, in order to ensure that the government's intended benefit of affordability to families is maintained under all circumstances.

- Accelerating the application process for the Skilled Visa program to allow already-qualified candidates from overseas to enter the country and commence working.

This includes:

- Engaging with the National Skills Commission to rank early childhood educators as a priority group on the Skills Priority List.
 - Providing the required resources to the relevant Government Departments to allow for skilled migration applications to be processed in a timely manner.
 - Engaging with ACECQA to ensure a smooth qualification assessment (translation of international vocational and tertiary qualifications to recognised qualifications here, including the automatic public listing of overseas qualifications as accepted once such qualifications become approved for the first time, instead of having the same overseas qualifications reassessed for acceptance for each and every subsequent applicant).
- Allowing for a fringe benefits tax exemption for service providers in the context of providing fringe benefits to employees such as salary sacrifice in relation to early learning (child care), cars, electronic devices, etc. This initiative could help attract jobseekers to the sector by lowering their income tax threshold and therefore boosting their income.
 - Establishing an efficient Recognition of Prior Learning (RPL) process:
 - For holders of Certificate III in ECEC who were qualified prior to 2013 to enter into a Diploma qualification if they can demonstrate that they have the skills and knowledge equivalent to the more recent Certificate III. Eg. At least three years of experience at an Approved Service since 1 January 2012.
 - For holders of non-recognised tertiary qualifications with transferable curriculum content (Eg. Teachers, speech therapists, education support, etc) who may be interested in joining the sector without the need to undertake a full ECEC qualification.
 - For students who have withdrawn from their teaching degree having completed at least 50% of study units, to be able to reframe their qualifications and be granted a Diploma-level equivalent.



We also urge the Australian Government to assist in the immediate increase of a pool of qualified candidates by engaging with the ACECQA Board to:

- Request that ACECQA and all jurisdictions recognise the transfer of aligned qualifications to work in the early childhood/child care sector. Eg. Diploma in Outside School Hours Care, Diploma of School Age Education. These qualifications could be recognised with an accompanying skills-set that addresses early childhood programming and planning components.
- Modify the degree qualification requirements for the second Early Childhood Teacher (and in NSW, for the second, third and fourth Early Childhood Teacher where applicable) to include other non-teaching degrees which align with the Early Childhood Teacher skillset. Eg. Degrees in Nursing, Occupational Therapy, Speech Pathology, Psychology, Musical Therapy and Fine Arts (Reggio Emilia approach).
- Work with all jurisdictions and Teacher Registration Boards to ensure national consistency in recognising the Birth-to-Five Early Childhood Teaching Degree. (Currently some jurisdictions do not recognise this)
- Assist in the promotion of the ACA/Lifeworks Employee Assistance Program (EAP) offer, which allows early learning service providers to offer an EAP to their staff at a fraction of the regular cost.
- Work with the Australian Tax Office (ATO) to expand the aged pension income test, to allow experienced staff who may be interested in returning to the sector in these challenging times, back into the workplace.



MEDIUM-TERM

We urge the Australian Government to:

- Continue to fund the Australian Apprenticeships Incentive System beyond the next financial year to 2023/2024.
- Provide the funding and resources to run an immediate **national education campaign** to promote the career path of working in the sector beyond the entry role and encourage unemployed Australians to consider working in the early learning sector through an entry-level Traineeship or to enrol in an Early Childhood Teaching Degree.

Such a campaign would require a national call to action which puts jobseekers directly in touch with the application process. It should also outline the workplace benefits and incentives recommended above, including the discounted access to early learning(childcare) for their own children.
- Establish a micro-credential targeted at educators who already hold a recognised ECEC qualification but have not worked in the system for a number of years. This would be a formalised version of professional development via a small no of targeted course units to supplement their existing qualifications. This could include updates on legislative changes, pedagogical practice, best practice, safety & first aid requirements, etc.
- Engage with universities to structure their degree courses such that the student cohort on rotation can work at approved early learning services at least 2 days per week. These students would be paid commensurate to how much of their degree they have completed.
- Professional Development & Staff Wellbeing:
Provide funding to cover 10 hours of backfill for every educator employed at the service per year, to allow for the ongoing mandatory professional development of staff, with two hours of this dedicated to wellbeing training for themselves. Unlike the school system, early childhood educators do not have 4 days of “student-free days” per year.

Training items that are mandatory - first aid training, CPR, child protection, food handling, sleep best practice, Best practice but not mandatory – staff wellbeing, building capacity around pedagogical practice, scaffolding of learning, improving interactions with children & parents, etc.
- 3 x student-free days where services can close and waive gap fees to undertake PD per year.

LONG-TERM

We call on the Australian Government to:

- Ensure funding for vocational ECEC courses appropriately meets the requirements of the mandated course load, which is substantially higher than most other certificate and diploma courses.
- Incentivise applicants for the Bachelor of Education (Birth to Five Years) by further reducing the cost to students.
- Immediately provide the funding and resources to create a nationally available fast-track degree program to rapidly upskill early childhood educators to the degree qualification level of early childhood teacher in a period of 18 months, instead of the usual three years.
- Incentivise educators to take on a teaching (ECT) degree through a conditional waiver of HECS-HELP fees. This can be tested through a two-year pilot project across key areas of need.





Conclusion

A strong and sustainable early learning sector is **vital** to the economic health of this nation and improving our child care system is a fundamental economic reform, as reflected in Prime Minister Albanese's *Cheaper Childcare* pledge. ⁶

It was further emphasised by the new Minister for Early Childhood Education and Youth, the Honourable Ann Aly, who told Parliament in June that "those early years are critical to development. If a child has good foundations in the early years, it carries on to later life and improved outcomes. Investing in early years means better outcomes for education, fewer challenges for children born into challenging circumstances, [less] antisocial behaviour and youth crime."⁷

We need to ensure that **all families** – including those with only one child in early learning and those with special needs – have ongoing, equitable and affordable access to our world-class early learning services.

ACA respectfully requests the Australian Government's careful consideration of the recommendations set out in this Policy Proposal.

With their adoption by the Australian Government, we can ensure that **all families**, including working mothers, can participate in Australia's workforce whilst **all children**, including our most vulnerable, can have the **best start in life**.

We look forward to supporting the commitments of the new Albanese Government to support the economic recovery of Australia and ensure that all Australian families, including those who are essential workers and/or from disadvantaged and vulnerable backgrounds, can continue to access our world class ECEC services.

⁶ <https://anthonyalbanese.com.au/my-plan/cheaper-child-care>

⁷ <https://www.theguardian.com/australia-news/2022/jun/14/the-aspiration-of-universal-childcare-anne-aly-on-what-drives-labors-ambitious-plans>



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