
4 The early childhood education and care workforce

Key points

- The early childhood education and care (ECEC) sector is large, with over 16 000 service providers employing almost 140 000 individuals to work with more than 1 million children.
- The ECEC workforce is overwhelmingly female (97 per cent).
- The ECEC workforce contains two distinct groups of workers.
 - The first group of workers (approximately 30 per cent) consists of directors and teachers. This group is more likely to work full-time, hold high-level tertiary qualifications and have lengthy tenures in ECEC. They often supervise educators in the second group.
 - The second group (approximately 70 per cent) comprises educators who commonly work on a part-time or casual basis and hold vocational education and training qualifications.
- The predominant mechanisms for determining the wages of ECEC employees are industrial awards.
- Career pathways within the ECEC workforce typically involve entry as an ECEC educator, either after or during the completion of a vocational education and training certificate-level qualification. Some educators progress to fill director roles after obtaining experience and higher level qualifications. However, some educators find that there are insufficient financial incentives to obtain the additional qualifications necessary for career progression.
- There is a significant cohort of transitory workers who spend a short period in ECEC before moving to another part of the workforce or leaving for personal and family reasons. These transitory workers are commonly employed as educators.
- Rates of turnover and the extent of skills shortages in ECEC are broadly consistent with the rest of the workforce. However, staff turnover and skills shortages are a significant issue in rural and remote areas as well as for Indigenous-focused ECEC services.
- Volunteers play an important though diminishing role in the ECEC sector. Increasing professionalism and regulatory burdens have reduced the contribution that ECEC volunteers are able to make. This has resulted in voluntary roles being increasingly taken on by paid employees or management services.

4.1 The changing role of the ECEC workforce

The early childhood education and care (ECEC) workforce has undergone a shift in philosophy in response to a body of scientific work accumulated over the past twenty years (appendix C). This work has demonstrated that differences in adults' life outcomes can be explained in part by early childhood experiences which impact on brain development (Kilburn and Karoly 2008).

This growing understanding of child development has created a paradigm shift in the way early childhood development is viewed by policymakers. The ECEC workforce is now expected to provide not just child care and child minding services, but also education services that enhance the development of children (box 4.1). This new emphasis on education is embodied in the Early Years Learning Framework (COAG 2009h).

Under the Early Years Learning Framework directors and teachers act as pedagogical leaders guiding and organising ECEC educators in order to build shared understandings about child development. Pedagogical leaders also encourage family and community participation in ECEC (Manni and Siraj-Blatchford 2006). In doing so, pedagogical leaders set the tone of professionalism intended under the National Quality Agenda (NQA) (COAG 2009a). The NQA suggests that effective pedagogical leadership requires a tertiary degree, such as a four year teaching degree or equivalent, as well as a number of years of work experience coupled with professional development (DEEWR 2010e).

Expectations of the ECEC workforce have also changed. To work effectively with pedagogical leaders, ECEC educators will need to understand child development, program planning, children's health and safety as well as relationships with families. The NQA suggests that this will require ECEC educators to, at a minimum, be working towards a certificate III or equivalent qualification in ECEC (box 10.2). The NQA reflects these new expectations for pedagogical leaders and ECEC educators by requiring new staff-to-child ratios and more extensive qualification requirements in the ECEC workforce (COAG nd).

Box 4.1 **The ECEC workforce: Carers or educators?**

The National Quality Framework's (NQF) emphasis on the role of the early childhood education and care (ECEC) workforce as educators is motivated by a body of scientific evidence demonstrating that children's cognitive development is initiated well before they begin formal schooling. This work has challenged the assumption that the ECEC workforce provides only care to children, and the new emphasis on education is increasingly recognised in the titles used for various groups of the ECEC workforce.

However, this evidence needs to be considered in the context of a similarly emphatic body of evidence showing that the strongest influence on a child's cognitive development is their parents and their home environment. For example, Fiorini and Keane (2011) is one of a number of empirical papers that find the most significant contributor to a child's cognitive development to be time spent with parents. The paper also finds that effects of ECEC on a child's development are contingent on the parenting style of their family. Indeed, other studies find that children receiving high-quality Early Childhood Development interventions lose most developmental gains within 12–18 months as they return to their original environments (Dickens 2008).

In relation to how the ECEC workforce is referenced, a number of study participants representing the sector objected strongly to the use of the term contact worker (Health and Community Services Workforce Council, sub. 56; Southern Cross University and Early Childhood Australia (NSW), North Coast Branch, sub. 16, United Voice, sub. DR166). They noted that, as a job description, 'contact worker' is problematic as it implies that other members of the workforce, such as directors, are not in contact with children (United Voice, pers. comm., 10 August 2011). They also claimed that terminology such as 'childcare' caused the public to undervalue the role and contribution of such workers (GoodStart Childcare, sub. 34; SDN Children's Services, sub. 31).

In this study the Commission has chosen to adopt the nomenclature used within the NQF. This nomenclature is employed by study participants representing the ECEC sector. In this regard, the Commission is breaking from the convention used by the Australian Bureau of Statistics and even the Department of Employment, Education and Workplace Relations who both use the term 'contact worker'. A determining factor in this decision is the fact that this study will be read by many within the early childhood development sector.

The Commission has adopted the following terminology:

- **ECEC workers** – refers to all workers in the ECEC sector.
- **Directors** – are ultimately responsible for operational and governance matters of ECEC centres through the provision of management, leadership and governance to staff. The service leadership provided by directors includes ensuring regulatory compliance. Directors also provide pedagogical leadership and instruction to educators.

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Box 4.1 (continued)

- Family day care (FDC) coordinators – FDC coordinators provide management services specifically to family day care services and provide support to FDC educators. This involves some pedagogical leadership, monitoring of the progress of children, and administration.
- Teachers – have leadership responsibility for program planning and implementation under the NQF. Teachers will ensure that program planning is consistent with the Early Years Learning Framework (EYLF) and then work directly with educators and group leaders to ensure that it is implemented. This involves some mentoring and training of educators.
- Outside school hours care (OSHC) coordinators – specific to OSHC services, OSHC coordinators manage and organise teams of OSHC educators in order to implement the Framework for School Age Care, called ‘My Time, Our Place’, through program planning and implementation.
- Educators – work directly with children, implementing program planning in accordance with the EYLF by providing care and education services. Though educators work in cooperation and under the supervision of more senior staff, they are required to exercise an autonomous knowledge of early childhood development.

The Commission notes that there is often overlap between roles depending on the size and organisation of a centre. For example, in some small long day care centres, the role of a director and educator may be undertaken by the same person. In contrast, these roles are likely to be more distinct and held by different people in larger long day care centres.

4.2 The ECEC workforce

The ECEC workforce includes workers in long day care (LDC), preschools, family day care (FDC), outside school hours care (OSHC) and occasional care (OC) services. This involves almost 140 000 employees working with more than 1 million children across the sector (table 4.1).

Table 4.1 The early childhood education and care workforce^a
Number of employees

Service type	1997	1999	2002	2004	2006	2010 ^c
Long day care	40 100	39 800	48 012	52 105	57 816	67 975
Family day care	15 700	14 300	14 974	14 650	13 679	13 575
In-home care	na	na	144	195	203	1 051
Occasional care	2 300	800	996	953	874	769
Other childcare services ^b	900	900	958	959	713	na
Outside school hours care	11 100	16 400	24 346	26 277	29 126	30 342
Preschool	na	na	na	10 321	11 201	25 475

^a Data from 2008 is not available as the Australian Government Census of Child Care Services (AGCCCS) concluded in 2006. ^b Other childcare services include Multifunctional Aboriginal Children's Services (MACS), Mobile and Toy Library Services, and Aboriginal Playgroups and Enrichment Programs. ^c Data from 2010 are Productivity Commission estimates based on unpublished DEEWR data from the 2010 National ECEC Workforce Census. **na** Not available.

Sources: DEEWR 2008; Productivity Commission estimates based on unpublished DEEWR data from the 2010 National ECEC Workforce Census; SCRGSP (2011a).

The ECEC workforce is overwhelmingly female, with women constituting 97 per cent of ECEC employees (CSMAC 2006). Men account for 3.5 per cent of ECEC educators, 3.2 per cent of ECEC directors and 1.4 per cent of ECEC teachers (ABS 2009e).

The ECEC workforce is growing rapidly. Between 1997 and 2010, it has almost doubled in size, representing growth of over 5 per cent per year. This includes particularly strong growth in the LDC and OSHC workforces (table 4.1).

There are two distinct groups within the ECEC workforce

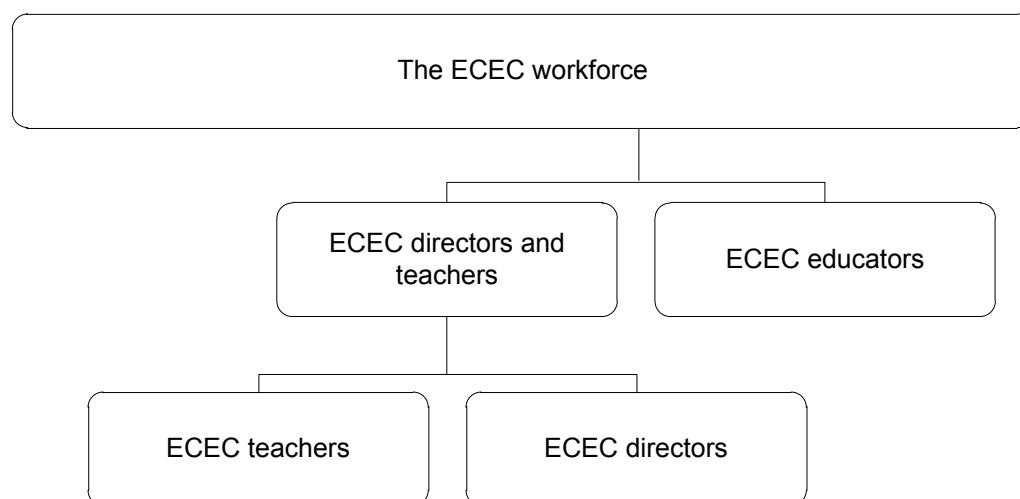
Survey data show that the ECEC workforce comprises two different groups of workers: a group employed either as directors or teachers and a second group employed as ECEC educators (figure 4.1). Though there is a significant overlap in the work done by these groups, they result from distinctly different job requirements and responsibilities.¹

The first group constitutes approximately 30 per cent of the workforce and includes individuals employed as directors, teachers or group leaders (Productivity Commission estimate based on unpublished DEEWR data). This group conducts program planning and leads educators in the second group. The second group makes up roughly 70 per cent of the ECEC workforce and consists of those individuals

¹ There are a number of workers employed in the ECEC sector who have no contact with children. These workers are employed in roles such as cooks, receptionists, bookkeepers and cleaners. As these employees do not provide any direct care or education to children they are not included in the focus of this study.

employed as ECEC educators, providing education and care services directly to children (Productivity Commission estimate based on unpublished DEEWR data) (figure 4.1).

Figure 4.1 Groups within the ECEC workforce



Source: CSMAC (2006); Productivity Commission estimates based on unpublished DEEWR data from the 2010 National ECEC Workforce Census.

This first group of directors, teachers and group leaders receive higher wages than ECEC educators as their more demanding positions require them to possess higher qualifications. This reflects their need for a more detailed knowledge of child development and pedagogy, which allows them to effectively lead ECEC educators and ensure compliance with statutory regulations (Marcia Spitzkowsky, sub. 21).

Directors and teachers play an important leadership role in the ECEC workforce, by providing the management, leadership and governance skills necessary to implement the NQA. This includes a complex range of skills necessary for a range of activities including: the capacity to deal with boards of directors; committees of management; funding mechanisms; industrial relations arrangements and the mentoring of staff (box 4.2).

ECEC educators also provide care and education directly to children and while they require a detailed knowledge of child development and pedagogy, they require fewer managerial skills. As such, ECEC educators commonly hold either certificate-level qualifications (30 per cent) or no post high school qualification (43 per cent) (ABS 2008a).

OSHC coordinators are specific to the OSHC sector and provide program planning, but also manage OSHC educators directly. Group leaders have greater responsibility

for implementing the Framework for School Age Care (My Time, Our Place) which is included in the NQF.

There is of course some overlap between these groups and the roles they fulfil. While a large ECEC centre may have one director and one teacher, smaller centres may have someone filling both roles jointly. Similarly, directors and teachers in small centres may be required to do the work of educators from time to time.

Box 4.2 Service leadership in ECEC

In addition to pedagogical leadership, service leadership plays an important role in the provision of early childhood education and care (ECEC) services. Service leadership involves the day-to-day administration and management of ECEC services as well as their long-term governance arrangements. This work is typically undertaken by ECEC directors and coordinators and includes a wide variety of tasks, such as strategic planning, statutory compliance, industrial relations and financial management, as well as engagement with the broader community.

Effective service leadership requires specialist skills in business management and leadership, such as the ability to understand industrial relations arrangements and undertake bookkeeping. These skills are different from those required for pedagogical leadership, and must be acquired separately through further study, training and experience (City of Monash, sub. 10; Gowrie Victoria, sub. 41; NIFTeY NSW, sub. 36).

The need for ECEC service leadership is increasing as the sector moves towards greater complexity and professionalism. The National Quality Agenda and more complex modes of service delivery, such as integrated services, are increasing both the breadth of skills required of ECEC service leaders, as well as the need for specialisation in these skills (Gowrie Victoria, sub. 41).

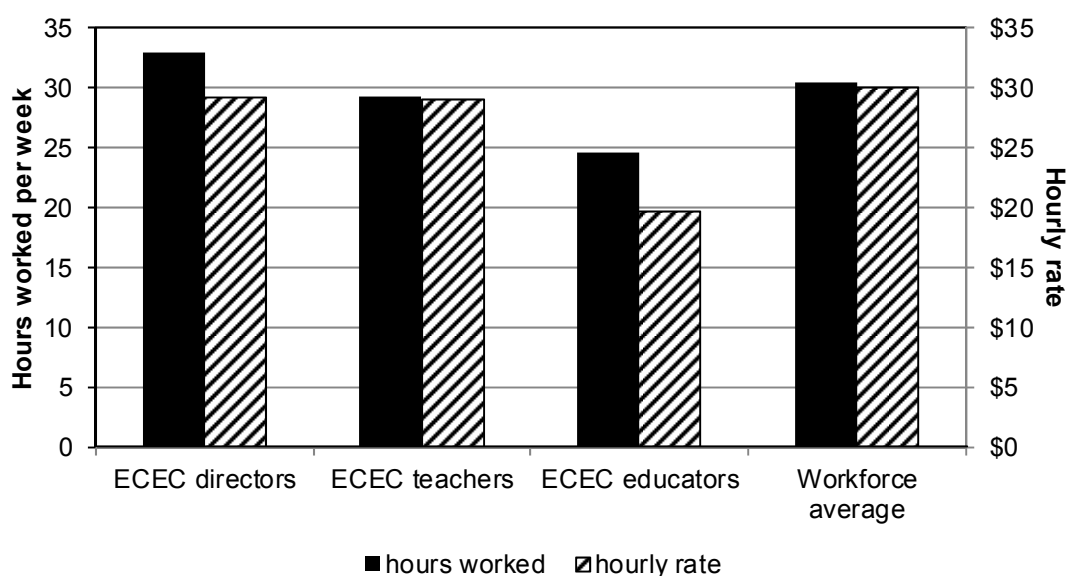
There are a range of proposals for increasing the capacity of ECEC service leadership. These include the establishment of an Advanced Diploma in Early Childhood Management and Leadership, state-wide mentoring and coaching programs, the inclusion of a management major in ECEC teaching degrees, greater specialisation in roles in ECEC centres as well as the establishment of career pathways which allow individuals to move from positions as educators to positions as teachers and directors (Community Child Care, sub. 63; Gowrie Victoria, sub. 41; Margaret Sims, sub. 2; UnitingCare Children, Young People and Families, sub. 62).

4.3 Pay and conditions in ECEC

Study participants commonly observe that the ECEC workforce is underpaid and undervalued (Australian Services Union, sub. DR213; Child Australia, sub. DR168; Community Child Care, sub. 63; LHMU, sub. 55; Playgroup Queensland, sub. 9;

United Voice, sub. DR166). While pay and conditions vary across the ECEC workforce, on average ECEC workers receive lower wages than workers in the rest of the workforce (figure 4.2) and have high rates of casual or part-time work. Study participants reported that the ECEC workforce experiences high levels of stress with little public recognition or status (Child Australia, sub. 78; Community Child Care, sub. 63; Susan Sorensen, sub. 1).

Figure 4.2 Comparison of average gross weekly earnings



Source: ABS (2010b); Productivity Commission estimates based on unpublished ABS data.

Study participants expressed concern over the pay and conditions of the ECEC workforce, considering them to be below levels necessary to sustain quality within the sector. These concerns were related to further concerns that ECEC wages reduced the quality of services provided in the sector. For example:

... (low ECEC wages) result in skill shortages, low workforce retention and low uptake in training.... in order to ensure future viability and stability of the ECEC sector and to meet NQF targets, the low pay of the workforce needs to be addressed through government funding directed towards supporting professional wages for all ECEC workers. (United Voice, sub. DR166, p. 3)

ECEC wages, while on average below levels seen elsewhere in the workforce, vary according to position and hours worked. The average hourly earnings of ECEC directors and teachers are considerably higher than those earned by ECEC educators, and approach the average hourly rates for the total workforce. Directors and teachers also have higher weekly earnings than educators as they work longer

hours. Directors average 33 hours per week and teachers 29 hours, while ECEC educators average just under 25 hours per week (figure 4.2).

Awards are the predominant method of determining ECEC wages. Award wages are most common among ECEC educators, over 70 per cent of whom receive wages set by awards, while 35 per cent of ECEC directors earn award wages (table 4.2). However, both groups contrast strongly with the rest of the workforce where only 20 per cent of workers' wages are set by awards (Productivity Commission estimates based on unpublished ABS data).

Table 4.2 Rates of award wage use by occupation

<i>Occupation</i>	<i>2000</i>	<i>2002</i>	<i>2004</i>	<i>2006</i>	<i>2008</i>
	%	%	%	%	%
Total workforce	23	21	20	19	17
ECEC workers	72	69	77	69	66
Education aides	27	5	11	13	13
ECEC directors	51	17	35	45	27
Education managers	6	na	3	6	na
ECEC teachers	46	45	37	35	23
Primary school teachers	12	7	9	13	5

Source: Productivity Commission estimates using unpublished ABS data. **na** Not available.

Awards are also more common in ECEC than elsewhere in the human services sector, where the majority of workers have pay and conditions negotiated through collective agreements. For example, 70 per cent of aged and disabled carers have wages set under a collective agreement, as opposed to 27 per cent of ECEC workers. Similarly, collective agreements set the wages of 93 per cent of primary school teachers but only 63 per cent of ECEC teachers' wages (Productivity Commission estimates based on unpublished ABS data).²

Though some workers receive wages above the levels set by awards, the evidence available to the study indicates that it is rare for ECEC wages to exceed the award wage by any more than 10 per cent. For example, collective agreements negotiated by the Liquor, Hospitality and Miscellaneous Union (LHMU) on behalf of entry-level LDC educators, resulted in wages that exceeded award rates by an average of 3.41 per cent (LHMU, sub. 55, p. 18).

The notable exception to this are the wages of ECEC teachers employed in the school system and preschool teachers in Victoria. These teachers have pay and conditions negotiated by collective agreements, with wages that exceed awards by a substantial amount (chapter 5). However, these workers represent less than

² These numbers represent averages for the biannual surveys presented in table 4.2.

15 per cent of the total ECEC workforce (Productivity Commission estimates based on unpublished DEEWR data).

The predominance of award wages in ECEC suggests a highly regulated and managed sector in which market forces are moderated. Study participants highlight this issue by suggesting that ‘no true [ECEC] labour ‘market’ exists’ (Community Child Care Co-operative, sub. 53, p.9) and characterising the ECEC workforce as being ‘award-dependent’ (LHMU, sub. 55, p.12). There are a range of ways in which market forces in ECEC are mediated, many of which explain the predominance of award wages. These include the nature of government funding, and impediments to paying wages that reflect different levels of performance (box 4.3).

Box 4.3 The ECEC wage puzzle: why are ECEC wages unresponsive to demand and sticky at award levels?

Submissions to the study stress the shortage of qualified ECEC workers. For example:

One of the most pressing challenges currently facing early childhood services across Australia is the shortage of qualified early childhood staff. (City of Greater Geelong, sub. 20, p. 5)

However, submissions to the study also suggest that ECEC wages are too low to attract and retain a sufficient number of skilled ECEC workers. For example:

Low wages in the sector act as a major disincentive to attracting and retaining staff into the early education and care workforce. (Community Child Care Co-operative, sub. 53, p. 9)

Despite these persistent shortages, most ECEC services continue to pay wages that are around award levels (LHMU, sub. 55), even when there are significant waiting lists (Blue Gum Community School, sub. DR115). This raises the question as to what prevents ECEC employers from increasing ECEC wages above the award level until they are able to attract and retain a sufficient number of workers to fill any shortages? (Independent Education Union of Australia, sub. 50). That is, why are ECEC wages unresponsive to increased demand and ‘sticky’ at award levels? There are a number of possible explanations.

- That government regulation of staff-to-child ratios and qualification requirements restrict the scope for services to achieve productivity gains and real wage growth.
 - As ECEC workers’ incomes are directly linked to the number of children in their care, staff-to-child ratios that limit the number of children in an ECEC worker’s care also limit that worker’s income.
- That small community run organisations may lack the expertise to negotiate enterprise-level bargaining arrangements or performance-based agreements and find paying award wages less complex.

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Box 4.3 (continued)

- As a result, award wages become the default wage-setting mechanism for a large number of ECEC workers.
- That ECEC workers feel constrained in asking for pay rises when they have to face parents who will bear the impact through fee increases.
 - This may mean that ECEC wages only increase as relevant awards increase.
 - This may also explain why waiting lists emerge as a means of rationing excess demand. ECEC services are not required to increase the fees paid by parents to clear waiting lists.
- That government-provided ECEC services, with budgets based on funding formulas, do not have the ability to increase wages, or to pay different rates to different staff.
- That industrial awards require some ECEC workers to be paid above their marginal product, with ECEC services required to cross-subsidise productive and non-productive workers.

This suggests that there is limited potential to innovate in the delivery of ECEC services and to reward more productive workers with higher wages. Limits to innovation limit average ECEC labour productivity and therefore wages.

FINDING 4.1

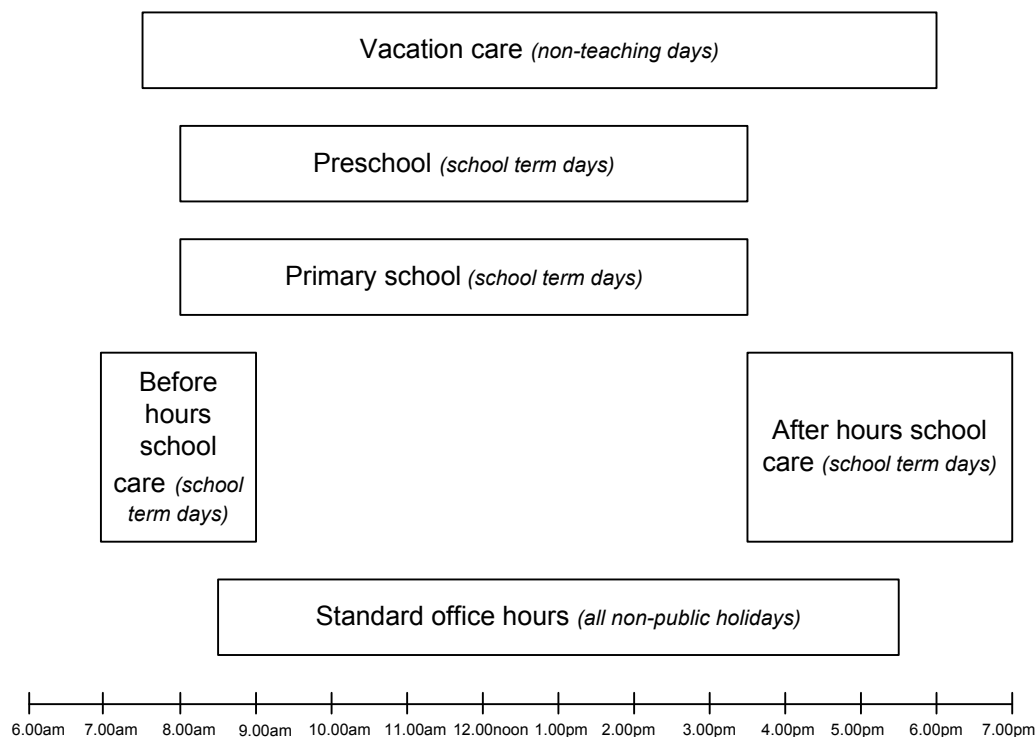
There are a number of impediments that restrain growth in the wages of the early childhood education and care workforce, causing them to be unresponsive to demand and rigid around the levels set by industrial awards. Many of these impediments also limit productivity growth for the early childhood education and care workforce, and may explain ongoing difficulties faced by some employers in recruiting and retaining staff.

Conditions in ECEC

Work arrangements

Work arrangements in ECEC reflect services' operating hours, which often require workers to work on a part-time, casual or seasonal basis (figure 4.3). As a result, 72 per cent of the ECEC workforce is in casual or part time employment (Productivity Commission estimate based on unpublished DEEWR data).

Figure 4.3 Opening times for ECEC services^a



^a Start and finish times, and opening hours provided are purely indicative and may vary across services. Long day care, family day care, in-home care and occasional care have not been included due to the large variation in hours.

Sources: Productivity Commission estimates based on public submissions, consultations; DEEWR (2008).

Though high rates of part-time and casual work are considered undesirable for the quality of ECEC services (Batchelor Institute, sub. 46; Community Child Care Co-operative, sub. 53; RRACSSU Central, sub. 42; SDN Children’s Services, sub. 31), such arrangements often represent the lifestyle choices of employees as well as the needs of employers. For example, many OSHC educators pursue part-time and casual working arrangements as it allows them to pursue other interests (Northcott Disability Services, sub. 18; Playgroup Queensland, sub. 9; Professor Alison Elliott, sub. 70). OSHC employers also benefit as these working arrangements allow them to meet seasonal demand for services (NATSEM, sub. 39).

Low recognition and high stress

Submissions to the study reveal a widespread view that ECEC workers experience high stress, poor morale and a lack of public recognition (Child Australia, sub. 78; Community Child Care, sub. 63; Cronulla Pre-School, sub. 48; Susan Sorensen,

sub. 1). Bretherton (2010) and Watson (2006) argue that this has led to workers leaving the sector.

Available survey evidence suggests that while stress and status are issues for the ECEC workforce there are also high rates of satisfaction, with many ECEC workers reporting high morale, an intention to progress their ECEC careers and a willingness to recommend a career in ECEC to others. The National Children's Services Workforce Study (CSMAC 2006) surveyed over 11 000 ECEC workers and found that 71 per cent of respondents considered their job to be stressful and that 60 per cent of respondents thought that status and recognition in the community were an issue. However, the same survey also found that 85 per cent of respondents were satisfied with their job, believing their services to have good spirit and morale, while 60 per cent agreed that they would recommend a career in ECEC to others.

The 2010 National Early Childhood Education and Care Workforce Census (DEEWR ndf) produced a similar view of the ECEC workforce with 88 per cent of all respondents agreeing that they were satisfied with their job, over half feeling that their job had a high social status (52.1 per cent) and over 80 per cent agreeing that there was good team spirit and morale in their job. Almost two-thirds of the workforce are interested in furthering their career in the sector while almost 70 per cent would recommend an ECEC career to others.

Administration and regulatory burdens

The ECEC workforce spends significant time complying with a large regulatory and administrative burden. For example, ECEC directors typically spend 58 per cent of their time on administrative work, while ECEC educators typically spend between 40 and 50 per cent of work hours on similar administrative duties (CSMAC 2006).

Regulatory burdens are considered to have a significant negative impact on the retention of ECEC workers (Bretherton 2010) as they create stress which reduces worker satisfaction (Fenech et al. 2008). Several submissions reported that the regulatory burden in ECEC is causing workers to leave for more lightly regulated sectors (GoodStart Childcare, sub. 34; Lady Gowrie Tasmania, sub. 82).

While the introduction of the National Quality Standard is intended to reduce the regulatory burden, some services believe it will do the opposite (KPV, sub. 72). The implications of the National Quality Standard in relation to regulatory burden are discussed in more detail in chapter 3.

Union coverage

The presence of multiple unions in a single ECEC centre can also add to the administrative burden of ECEC directors (Gowrie SA, sub. 40). The ECEC workforce is represented by four main unions in the institutional framework that determines ECEC payment and conditions: the Australian Education Union (AEU), United Voice (formerly the Liquor, Hospitality and Miscellaneous Union), the Australian Services Union (ASU) and the Independent Education Union (IEU). There are often multiple unions present in a single ECEC service as union coverage varies with the jurisdiction, occupation, service type and ownership type (LHMU, sub. 55). This means that multiple agreements need to be negotiated (C&K Association, sub. 52).

The presence of multiple unions in a single ECEC centre can also create difficulties among staff and make ECEC work less rewarding. Multiple agreements result in variation of pay and conditions among workers. This can create tensions when workers perceive such arrangements as representing a lack of fairness, reducing the attractiveness of ECEC employment (KPV, sub. 72; UnitingCare Children, Young People and Families, sub. 62).

4.4 Career pathways in the ECEC workforce

Entry into the ECEC workforce

Entry into the ECEC workforce occurs for a variety of reasons. Some workers enter with the intention of creating a lasting ECEC career, while other entrants intend to work in ECEC temporarily. While entrants with career ambitions progress to positions as directors or teachers on the basis of study and experience, temporary ECEC workers are commonly employed as ECEC educators. Over 80 per cent of ECEC workers entered the sector as they were interested in working with children (SRC 2011).

Temporary ECEC workers typically hold no ECEC qualification on entry, and commonly work on a part-time or casual basis to facilitate family life and tertiary studies (CSMAC 2006). For example, there are a large number of university students who work in ECEC to support their studies; some studying to become teachers (Catholic Education Office of Western Australia, sub. 65; NATSEM, sub. 39; Queensland Children's Activities Network, sub. 84). There is also a significant number of mothers who work in ECEC, as it allows them to meet family commitments (Catholic Education Office of Western Australia, sub. 65; NATSEM, sub. 39; Professor Alison Elliott, sub. 70).

Progression in the ECEC workforce

Career pathways within the ECEC workforce typically involve entry as an ECEC educator, with some progressing to positions as ECEC directors on the basis of experience and further study. Teachers commonly enter after completing a bachelor-level degree, while ECEC educators enter both with and without vocational education and training qualifications.

While many entrants develop a long-term career as ECEC professionals, many do not find the benefits of additional qualifications to be worthwhile. This is due to the fact that compensatory wage increases from additional qualifications are too small (C&K Association, sub. 52; LHMU, sub. 55; UnitingCare Children, Young People and Families, sub. 62). For example, in a survey of the ECEC workforce, 66 per cent of ECEC employees agreed that the subsequent wage increase from obtaining an additional ECEC qualification did not make studying worthwhile (CSMAC 2006).

The reticence of workers to pursue additional qualifications was reflected in submissions to the study. ECEC workers revealed that the costs of acquiring the qualifications necessary for promotion to senior positions were not justified by the anticipated increase in pay.

If I went from Assistant director, to director I would get around 50 cents an hour more, for triple the work ... There is no incentive to get more qualifications. (LHMU, sub. 55, p. 22)

As governments and parents have not traditionally seen ECEC workers as providers of educational services, it can be argued that society has not acknowledged the true value of their work. Study participants suggested that this has resulted in a failure to pay ECEC workers sufficient wages to gain additional qualifications (Community Child Care Co-operative, sub. 53; SDN Children's Services, sub. 31; Women's Electoral Lobby, sub. 17). The public recognition of ECEC workers is likely to change under the NQA, which has formally recognised their role as educators as opposed to carers (COAG 2009h).

4.5 Recruitment, retention and tenure in the ECEC workforce

The relatively low level of pay and conditions in ECEC, combined with limited returns to career progression, have been seen to cause recruitment and retention problems in ECEC. As a result, many workers find opportunities in other sectors

more attractive, exiting the ECEC workforce in a process that has been described as the creation of ‘pathways out of childcare’ (Watson 2006, p. xv; Bretherton 2010).

Study participants suggested that recruitment and retention problems were evident in skills shortages, workers exiting from the ECEC sector and high rates of turnover (Australian Catholic University, sub. 24; Child Australia, sub. 78; City of Geelong sub. 20; Community Child Care Co-operative, sub. 53; GoodStart Childcare, sub. 34; Independent Education Union of Australia sub. 50). This is supported by the Australian Skills Shortage List which identifies skills shortages across all ECEC occupations (DEEWR 2010i) (see box 4.5 below).

Skills shortages in ECEC

Skills shortage research conducted by the Department of Education, Employment and Workplace Relations (DEEWR) found persistent skills shortages across the ECEC workforce with a shortage of suitably qualified ECEC teachers, directors and ECEC educators. Though there were a large number of applicants for vacant ECEC positions (5 to 11 per vacancy), on average only 1.1 applicants were found to be suitable. This is less than the workforce average of 1.5 suitable applicants per vacancy (DEEWR 2010g).

ECEC employers found applicants unsuitable for a range of reasons. Potential ECEC directors were found to lack necessary qualifications, experience or management capacity. Though many applicants for ECEC educator positions held relevant qualifications, many were seen as unsuitable due to inadequate experience, poor communication skills or a lack of motivation. Shortages of ECEC teachers were largely due to more favourable conditions in the school sector where there are no skills shortages (2.9 suitable applicants per vacancy) (DEEWR 2010j).

Exit from the ECEC workforce

Workers exit the ECEC workforce for a variety of reasons and while many leave ECEC altogether, there is a substantial proportion who later return to work in the sector. Many workers left the sector temporarily to take extended leave, including maternity leave (19 per cent), reflecting the large proportion of female workers in ECEC. However, there is a large proportion who leave either to pursue careers in other parts of the workforce (32 per cent), or for personal family reasons (22 per cent) (table 4.3).

Table 4.3 Reasons for leaving ECEC position

<i>Reason</i>	<i>Proportion of departures (%)</i>
New career	32
Family and personal reasons	22
Extended leave (including maternity leave)	19
Residential move	16
Study	7
Retirement or death	4
Total	100

Source: CSMAC (2006).

Turnover and tenure in the ECEC workforce: Is there a problem?

Study participants highlighted high rates of turnover, caused by exit from the ECEC workforce, as a problem for the ECEC sector (Australian Catholic University, sub. 24; Child Australia, sub. 78; City of Greater Geelong sub. 20; Community Child Care Co-operative, sub. 53; GoodStart Childcare, sub. 34; Independent Education Union of Australia, sub. 50). Turnover among the ECEC workforce was even raised as evidence of a ‘childcare workforce crisis’ (United Voice nd).

Concerns about turnover of the ECEC workforce are motivated by evidence suggesting that high turnover of educators can decrease the quality of ECEC services received by children. Indeed, continuity has been recognised as an important dimension of good quality ECEC (Da Silva and Wise 2003).

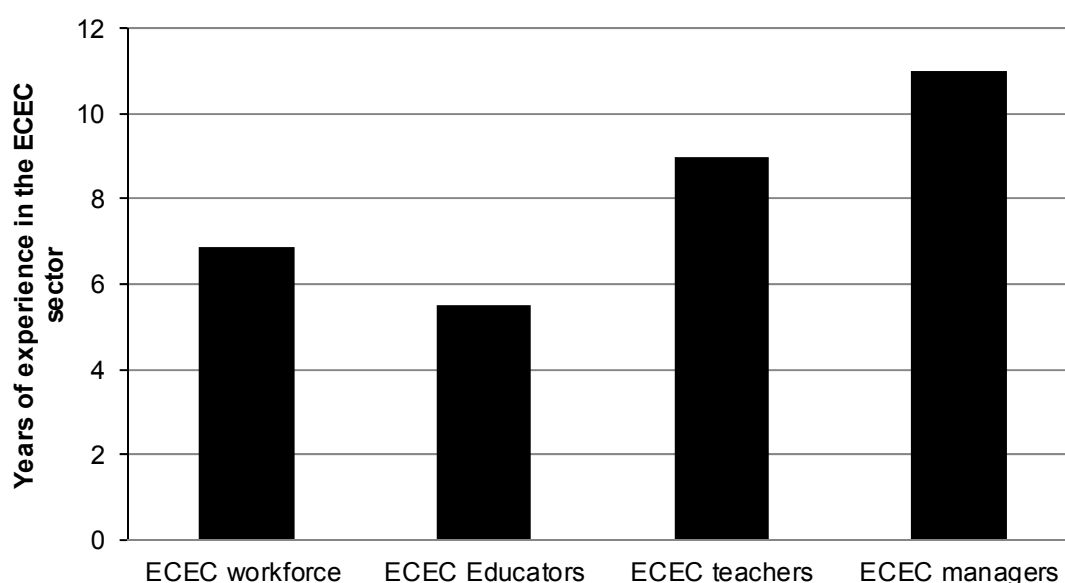
However, statistics suggest that the average turnover of the ECEC workforce is not significantly different from elsewhere in the workforce. For example, though 15.7 per cent of the ECEC workforce departs each year, this is not substantially higher than the 13.1 per cent average for all occupations (DEEWR, sub. 86). Further, the Commission estimates that the average tenure in the ECEC sector is between six and seven years, which is roughly consistent with the rest of the workforce (Productivity Commission estimate based on unpublished DEEWR data from the 2010 National ECEC Workforce Census).

Indeed, some estimates of turnover do not accurately reflect the number of employees leaving the sector. Though some turnover data suggests that as many as 35 per cent of workers leave the sector each year (CSMAC 2006), these estimates include those workers switching between different ECEC centres, and do not represent a sectoral problem. Once adjusted, the data suggests that, on average, only 17 per cent of ECEC employees leave the sector within a given year. These employees leave for a variety of reasons (table 4.3), with fertility decisions having a

major impact. However, many of these employees are likely to eventually return to the sector (box 4.4).

Closer analysis of the ECEC workforce suggests that there is significant variation in turnover and tenure by job type with teachers and directors likely staying for much longer than educators. Indeed, previous workforce surveys show that educators spent, on average, 7.3 years in the sector while teachers and directors spent an average of 11 years (figure 4.4).

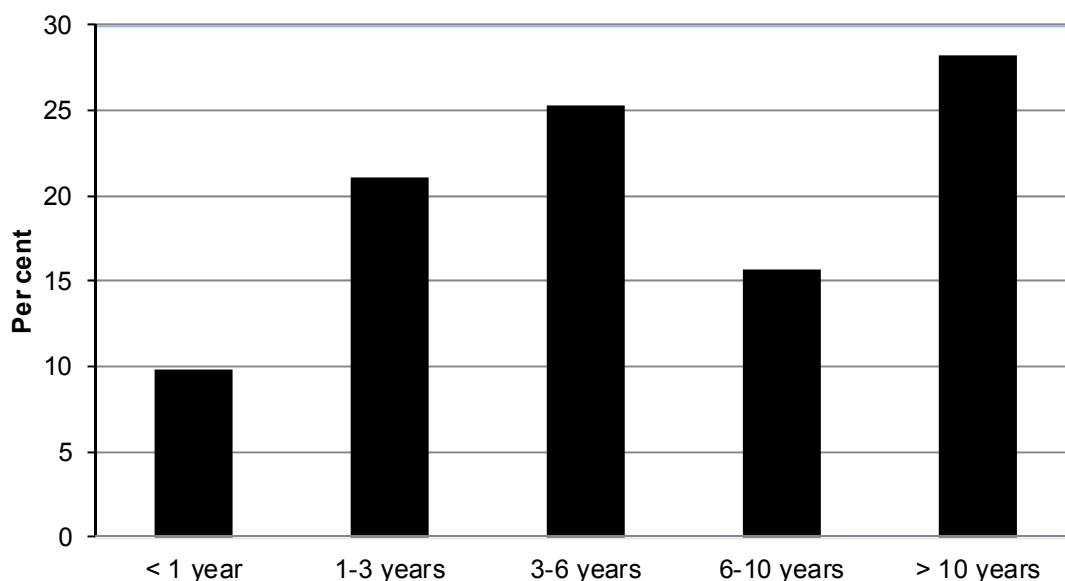
Figure 4.4 Tenure in ECEC by role



Source: CSMAC (2006).

This variation in tenure by role is consistent with figure 4.5 where a bimodal distribution emerges. This bimodal distribution of tenure in the ECEC workforce is likely to represent differing career ambitions and lifestyle decisions. Educators are more likely to work in ECEC with the intention of staying for a short period of time, and teachers and directors likely to stay longer (box 4.4).

Figure 4.5 Average tenure in the ECEC workforce ^a



^a Does not include data for preschool.

Source: Productivity Commission estimates based on unpublished DEEWR data from the 2010 National ECEC Workforce Census

Recruitment and retention pressures, reflected in turnover rates, are not unique to ECEC, with such problems occurring throughout the workforce due to strong macroeconomic conditions and the resultant tight labour market (DEEWR 2010a). However, it does appear that these issues are acute in specific parts of the ECEC workforce. For example, retaining ECEC teachers is a problem as many leave to work in the primary school sector where they enjoy superior pay and conditions (chapter 5). Tenure and turnover is also a problem for Indigenous-focused ECEC services (chapter 14) and services in rural and remote areas (chapter 9) where significant difficulties filling vacant positions and retaining staff are reported (DEEWR 2011r). These shortages reflect challenges unique to these services rather than challenges characteristic of the ECEC sector as a whole.

Box 4.4 **The ECEC workforce in the HILDA survey**

The most recent Household, Income and Labour Dynamics in Australia (HILDA) survey includes a small sample of the ECEC workforce. These individuals are predominantly female, and include 10 centre managers, 14 teachers and 91 educators.

The age distribution of the ECEC workforce appears to be shaped by fertility, with greater workforce participation before and after childbearing years. The ECEC workforce is more likely to have dependent children than the female workforce more generally in all age groups — almost all workers in the sample over the age of 30 have children of their own. There is a larger proportion of the ECEC workforce aged in their twenties, with ECEC apparently used as a transitory profession for young students, who work part time before moving on to sectors relevant to their qualifications. Within the sample, educators tend to be younger, and teachers older, with average ages of 30 and 40 years respectively.

Based on this very limited sample, while satisfied with their jobs, educators and centre managers are unlikely to stay in the ECEC sector for long periods of time. Typically they will only take up a single position in ECEC for 2 to 3 years (or slightly longer in the case of centre managers) before leaving the sector. Teachers are much more likely to choose a long-term career in ECEC, working in a number of different services over the course of a 20-year career.

A position in ECEC is also a popular choice for young students seeking part-time work while undertaking tertiary education. While data on area of study are unavailable, it seems likely that many of these students are studying disciplines unrelated to ECEC, and therefore their presence in the ECEC sector is only transitory. Most of these students do not possess ECEC qualifications, and would therefore be likely to only find employment in outside school hours care once the COAG reforms are introduced.

More than half of educators in the sample work part time, while most teachers and centre managers work full time. Of those working part time, most either work 2–3 full days or 5 half days in an average week. This appears to reflect worker preferences, with the main reasons given for working part-time hours being to care for children, attend study or simply that the worker prefers part-time work. Some full-time workers expressed a desire to move to part-time hours, most of whom have dependent children. This indicates that educators generally have a preference for part-time work, rather than an inability to find a full-time position. Most of the sample is happy with the number of hours they work, and while some want to work fewer hours, these are balanced out by others (mainly students working part time) who want to work more.

The ECEC workforce experiences greater job satisfaction than the employed female workforce. This includes satisfaction with respect to hours of work, job security, and flexibility of working conditions. In particular, high levels of job satisfaction were reported in relation to the work itself, which implies that intrinsic motivation is an important factor in the employment decisions of ECEC workers.

(Continued next page)

Box 4.4 (continued)

Average job satisfaction among workers in the HILDA survey (rating out of 10)

	<i>Pay</i>	<i>Job security</i>	<i>The work itself</i>	<i>Hours</i>	<i>Flexibility</i>	<i>Overall</i>
ECEC	6.8	8.2	8.1	7.5	7.6	8.0
Employed females	7.0	8.0	7.5	7.3	7.6	7.7

Relative to other employed females ECEC workers report lower levels of satisfaction with their pay. Where ECEC workers are part of a dual-income household, their income represents well under half (36 per cent) of their household's total income. This reflects the prevalence in ECEC of part-time employment and low wage rates.

Source: Productivity Commission calculations based on unpublished HILDA Survey data.

Box 4.5 Connections with the rest of the Australian labour market

The new demand for ECEC workers created by the COAG ECEC reforms may have the unintended consequence of exacerbating existing labour shortages. Current strong employment conditions and existing skills and labour shortages will require new Early Childhood Development (ECD) workers to be bid away from other parts of the economy. This effect is likely to be felt more strongly within the human services sector.

The skill, gender and qualification profiles of many ECD workers are very similar to those working in the aged care, disability care and support, schools and hospitals sectors. Indeed, anecdotal evidence provided to the study suggests that workers such as teachers, nurses and carers are capable of moving between the ECEC sector and other parts of the human services sector, and often do. This suggests that different parts of the human services sector compete for a similar pool of workers.

Like the ECD sector and the broader economy, the rest of the human services sector is experiencing strong growth in demand for workers. Employment growth will be particularly strong in the aged care sector and disability support sectors where similar reforms are also increasing the demand for labour. For example, it has been forecast that aged care reforms will require the proposed aged care workforce to quadruple in size from 2011 to 2050 (PC 2011a). Similarly, it has been noted that future reforms to disability support services may risk creating labour and skills shortages in the disability support workforce (PC 2011b).

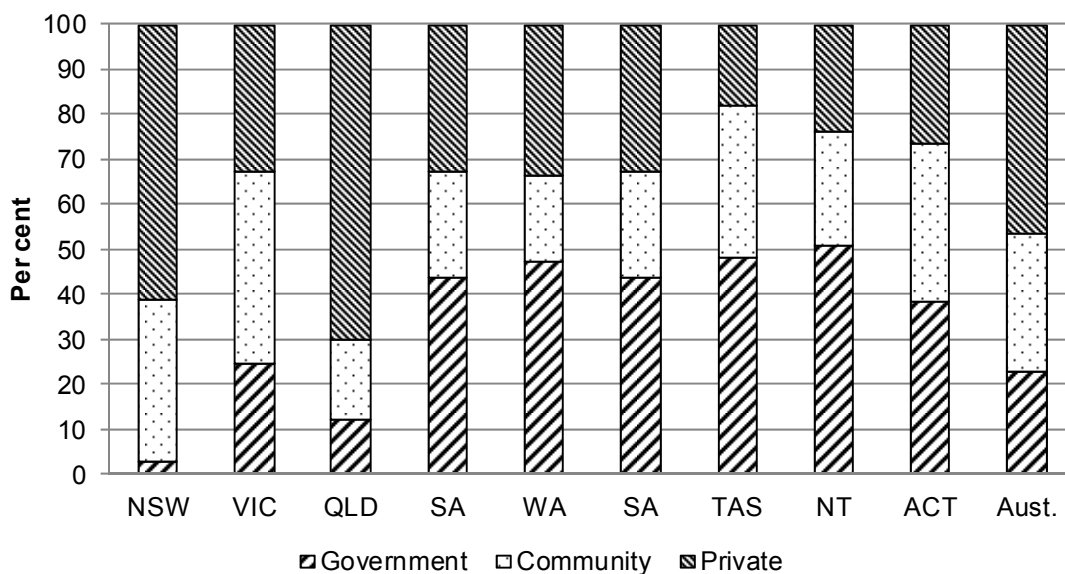
With the COAG ECEC reforms creating yet more demand for human services workers, existing skills and labour shortages may be exacerbated. While it is difficult to predict the net outcomes of such pressure, some sectors may be more disadvantaged than others.

4.6 Where is the ECEC workforce employed?

The ECEC workforce is employed by a wide range of firms and community organisations. These include private national operators with hundreds of employees through to small community-run centres with a handful of staff providing services to a single neighbourhood.

The private sector plays a significant role in ECEC, constituting 46 per cent of employers, with direct government provision accounting for 23 per cent of employers and community-run centres 31 per cent (figure 4.6). There is some overlap across sectors with community-run centres often receiving free use of premises from governments, and some community-run services employing professional managers (KPV, sub. 72).

Figure 4.6 ECEC services by ownership type^a



^a Does not include family day care or OSHC.

Source: Access Economics (2009) based on SCRGSP (2009) and data supplied by DEEWR and state governments.

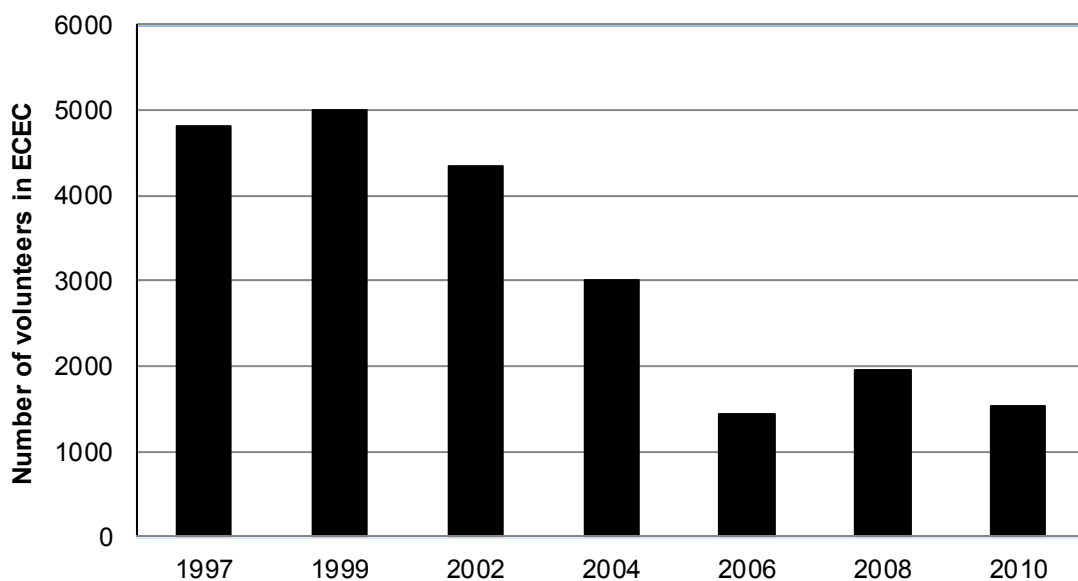
4.7 Volunteers play an important but declining role in the ECEC workforce

There were approximately 1530 volunteers working in ECEC in 2010 (Productivity Commission estimate based on unpublished DEEWR data). This group includes

individuals undertaking work experience, students and trainees, as well as parents working on community committees.

The number of volunteers in ECEC has been trending downwards over time (figure 4.7). Increasingly complex regulation and an increased emphasis on education over care has reduced the scope for volunteers to participate in the day-to-day operation of ECEC services (Community Connections Solutions Australia, sub. 75).

Figure 4.7 Volunteers in the ECEC workforce



Sources: DEEWR 1999–2008; Productivity Commission estimates based on unpublished DEEWR data from the 2010 National ECEC Workforce Census.

The tendency of increased professionalisation of the ECEC sector to displace the volunteer ECEC workforce is evident in the migration to cluster management of preschools. Under these arrangements parent-run community committees are replaced by organisations who provide professional management services (City of Casey, sub. 35; Government of South Australia, sub. 66), and close to 50 per cent of previously parent-managed preschools in Victoria have already transitioned to cluster management (DEECD 2009d). The issue of volunteer management of ECEC services is discussed in more detail in chapter 3.