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## 5 The preschool, long day care and occasional care workforce

### Key points

- The National Quality Standard (NQS) and the National Partnership Agreement on Early Childhood Education (NPA ECE) will significantly increase demand for qualified staff in preschool and long day care (LDC) settings. The change in demand will differ across jurisdictions.
  - Western Australia is the only jurisdiction already compliant with the staff-to-child ratios of the NQS, but is still working towards the goals of the NPA ECE.
  - New South Wales, Victoria and Tasmania display more moderate progress towards meeting the NQS and the NPA ECE.
  - Queensland, South Australia, the Northern Territory and the ACT require more substantial progress to meet the NQS and the NPA ECE.
- Occasional care is excluded from the NQS. Demand for qualified staff in occasional care is not expected to change, but services may find recruitment more difficult.
- While the rapid increase in demand for qualified teachers and educators resulting from the upcoming reforms can be partly met by training existing staff, new teachers and educators will be needed.
- To assist in the transition to the NPA ECE, governments should permit 3-year-qualified teachers to enter, or return to the workforce, and deliver a preschool program where a plan is in place to upgrade their qualification.
- In order to attract and retain a sufficient number of early childhood teachers to achieve the NQS and the NPA ECE, salary and conditions offered by LDCs as well as community- and privately-managed preschools in New South Wales will need to be competitive with those offered to primary teachers in the school sector.
- In order to attract and retain a sufficient number of educators with diploma qualifications to achieve the NQS and the NPA ECE, wages will need to increase, particularly in LDCs and community- and privately-managed preschools.
- Commission modelling indicates that as a result of the upcoming reforms, the preschool and LDC workforce could be about 15 per cent larger than it would otherwise have been. The model also suggests that early childhood teacher and diploma-qualified educator wages could be at least 10 per cent higher than they would be in the absence of the reforms, while certificate III-qualified educator wages are unlikely to change substantially.

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Long day care (LDC) centres offer early childhood care and education (ECEC) services to children, usually from birth to the start of formal schooling. Most LDC services are open from 7.30am to 6.00pm for at least 48 weeks per year.

Preschools (also known as kindergartens in some jurisdictions) mostly offer educational programs to children in the year before formal schooling. Some preschools also offer programs to younger children. Preschool operating hours tend to be shorter than LDC centre hours, and most preschools are only open during school terms. Preschools can operate either as stand-alone services, or within a registered school.

There is an increasing trend towards the provision of preschool sessions in LDC. About 84 per cent of preschools and 37 per cent of LDCs nationally currently offer preschool programs delivered by a qualified teacher (DEEWR ndf). In Western Australia LDC-based preschool programs are not officially recognised by the State Government, and in Tasmania a preschool can only operate within a registered school (ABS 2010f).

Occasional care (OC) services are centre-based<sup>1</sup> child care services that provide care for children who attend the service on an hourly or sessional basis, often for short periods or at irregular intervals. However, some children may attend OC on a regular basis. The City of Casey submitted that in their municipality ‘occasional care is more generally used as permanent part-time care rather than occasional care’ (sub. DR172, p. 3).

Compared to preschool and LDC services, which require enrolment and regular attendance, OC operates as a more informal service and does not require a long-term commitment from families. Families use OC to accommodate casual, shift or part-time work, respite care, crisis and emergency care, and personal commitments.

Among mainstream ECEC services (excluding preschool), OC has the highest attendance rates of Indigenous children, children with a disability and children whose parents speak a language other than English (SRC 2011). In some cases, OC may be offered as part of an integrated family support program (Brotherhood of St Laurence, sub. DR182).

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<sup>1</sup> The Regulatory Impact Statement for the COAG ECEC reforms defines occasional care as ‘centre-based’ (COAG 2009h). Therefore, this chapter does not consider occasional care services delivered outside centre-based environments, such as child minding services in shopping centres, gyms, office buildings and other places of recreation or work.

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Hume City Council submitted that OC was a more accessible ECEC service for families on low incomes as it did not require a long-term or ongoing financial commitment like preschool or LDC typically do.

The nature of OC as a flexible, local service with shorter hours makes it more accessible and affordable, especially for families in crisis. Through OC, Council is able to provide cognitive and social development to children from disadvantaged backgrounds. Families who may otherwise not consider using an ECEC [service] such as childcare or preschool have an option that meets the care needs of the family while also meeting the educational, social and developmental needs of children. (sub. DR325, p. 5)

Because of the similarities between the ECEC service provided by preschool, LDC and OC, these types of services tend to employ similarly qualified staff. As such, there is competition between preschool, LDC and OC services for staff.

## **5.1 Key features of the preschool, long day care and occasional care workforce**

The preschool, LDC and OC workforce can be grouped into four broad categories: qualified early childhood teachers, educators, service directors and administrators and other (non-contact) staff. Qualified teachers and educators interact directly with children to deliver ECEC. Qualified teachers hold university degrees, while educators usually have either diploma or certificate level qualifications in children's services (chapter 4). Service directors provide management, leadership and governance to staff within ECEC services and will typically hold a qualification from a vocational education and training or higher education institution. Administrators and other staff perform roles that are necessary for the operation of the service but do not involve direct supervision of children, such as account keeping, cooking and cleaning.

Educators form the larger part of the preschool, LDC and OC workforce. There were 65 400 educators employed in preschool, LDC and OC services nationally in 2010, compared to 15 000 teachers (table 5.1). There were a smaller number of managers, administrators and other non-contact staff employed in the delivery of preschool, LDC and OC services.

Data on the OC workforce is limited, as only OC services approved by the Australian Government to administer the child care benefit are included in the national ECEC workforce census (appendix B). In 2010, the census reported that the OC workforce contained just 769 individuals working in 85 services; however, the actual OC workforce is likely to be far larger. For example, the Report on

Government Services reports 746 licensed and registered OC services were operating in 2009-10 (SCRGSP 2011a).

**Table 5.1 Preschool, long day care and occasional care workforce, 2010**

	<i>Workers</i>	<i>Share of total</i>
	no.	%
Qualified teachers (non-management)	15 082	16.1
Educators	65 405	69.4
Management and administration	5 868	6.2
Other <sup>a</sup>	3 171	3.4
Employment type not known	4 690	4.9
<b>Total workforce</b>	<b>94 216</b>	<b>100</b>

<sup>a</sup> Estimates of other (non-contact) staff employed in preschools were not available.

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

The majority of the OC workforce are employed as educators. These educators are more likely to be in part-time or casual employment compared with the rest of the ECEC workforce, with 74 per cent of the OC workforce employed on this basis (Productivity Commission estimates based on unpublished DEEWR data). This is largely because of the nature of OC services, which require a flexible workforce to operate effectively.

The most common qualification in the preschool workforce is a bachelor degree, while in the LDC and OC workforces, diploma and certificate level qualifications are more common (table 5.2). About 71 per cent of the preschool workforce is qualified at the certificate III level or higher, while the comparable estimate for both the LDC and OC workforces is 77 per cent.

**Table 5.2 Educational attainment of the preschool, long day care and occasional care workforce, 2010<sup>a</sup>**

	<i>Preschool</i>	<i>Long day care</i>	<i>Occasional care</i>
	%	%	%
Bachelor degree or higher	36.7	9.4	8.3
Advanced diploma or diploma	17.4	31.9	36.7
Certificate III or IV	17.3	35.2	31.9
Less than certificate III	2.8	1.8	3.6
No ECEC qualification	25.8	21.7	19.5

<sup>a</sup> Highest level of attained qualification in an ECEC related field. Does not include qualifications that individuals may be currently studying towards but have not yet attained.

*Source:* DEEWR (ndf).

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## **5.2 Demand for preschool, long day care and occasional care teachers and educators**

Demand for preschool, LDC and OC teachers and educators is derived from the demand for preschool, LDC and OC services. Demand for services is in turn determined by a combination of factors relating to parental preference and government policy. Parents demand preschool, LDC and OC services because of the relative costs and benefits of work and paid ECEC, and the value they place on early childhood education. Governments might also use preschool, LDC and OC services to achieve policy goals such as increased labour force participation and improved early childhood education.

### **The effect of COAG reforms on the LDC and preschool workforce**

The Council of Australian Governments (COAG) has agreed to two substantial reform initiatives affecting ECEC services: The National Quality Agenda and the National Partnership Agreement on Early Childhood Education (chapter 3).

From 2012, the National Quality Agenda will put in place a National Quality Standard (NQS) that will introduce compulsory national standards for ECEC across Australian preschools and LDC centres. OC services are currently excluded from the NQS, with this decision to be reviewed in 2014. For preschool and LDC services, the national standards will establish higher minimum qualifications for staff (table 5.3) and require higher staff-to-child ratios in most jurisdictions. The NQS also incorporates the Early Years Learning Framework, which guides services, including LDCs and preschools, and their staff in developing early childhood programs (COAG 2009a).

The NQS will require LDCs to employ qualified early childhood teachers. In the past, preschools have employed early childhood teachers, with few teachers employed in LDC. New South Wales is currently the only jurisdiction that requires LDCs to employ a qualified early childhood teacher, and only when there are more than 29 children in attendance. The NQS will also require preschool and LDC educators in all jurisdictions to hold or be studying towards a Certificate III in Children's Services at a minimum by 1 January 2014.

**Table 5.3 National Quality Standard staff qualification requirements for preschool and long day care services**

<i>Number of children (at any one time)</i>	<i>Qualification requirements</i>	<i>Timeframe</i>
Less than 25	50 per cent of educators have (or are actively working towards) a Diploma of Children's Services qualification <sup>a</sup> Other educators have (or are actively working towards) a Certificate III in Children's Services qualification An early childhood teacher is in attendance for at least 20 per cent of the time that the service is provided	1 Jan 2014
25 to 59	50 per cent of educators have (or are actively working towards) a Diploma of Children's Services qualification <sup>a</sup> Other educators have (or are actively working towards) a Certificate III in Children's Services qualification An early childhood teacher is in attendance for at least six hours per day whenever the service is provided to 26 children or more <sup>b</sup>	1 Jan 2014
60 to 80	50 per cent of educators have (or are actively working towards) a Diploma of Children's Services qualification <sup>a</sup> Other educators have (or are actively working towards) a Certificate III in Children's Services qualification An early childhood teacher is in attendance for at least 6 hours per day whenever the service is provided to 26 children or more <sup>b</sup> A second teacher or another suitably qualified individual is in attendance at the service for at least 3 hours per day whenever the service is being provided to 60 children or more <sup>c,d</sup>	1 Jan 2014 1 Jan 2020
Over 80	50 per cent of educators have (or are actively working towards) a Diploma of Children's Services qualification <sup>a</sup> Other educators have (or are actively working towards) a Certificate III in Children's Services qualification An early childhood teacher is in attendance for at least 6 hours per day whenever the service is provided to 26 children or more <sup>b</sup> A second teacher or another suitably qualified individual must be in attendance for at least 6 hours per day whenever the service is provided to 80 children or more <sup>b,d</sup>	1 Jan 2014 1 Jan 2020

<sup>a</sup> For every two educators, at least one must have (or be enrolled in and studying) a Diploma level Children's Services qualification. Qualified early childhood teachers in the service also count towards the diploma staffing requirement. <sup>b</sup> If the service operates for less than 50 hours per week, attendance is to be for 60 per cent of the operating hours of the service each day. <sup>c</sup> If the service operates for less than 50 hours per week, attendance is to be for 30 per cent of the operating hours each day. <sup>d</sup> A 'suitably qualified individual' must hold a degree qualification approved by the Australian Children's Education and Care Quality Authority.

Source: COAG (2009h).

The National Partnership Agreement on Early Childhood Education (NPA ECE) will also require an expansion in preschool services. The NPA ECE aims to offer all children access to 15 hours of preschool per week in the year before formal

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schooling by 2013. According to the NPA ECE, the preschool program will be delivered by a 4-year degree-qualified teacher, and governments have committed to maintaining the affordability of preschool fees. The 15-hour preschool program can be delivered in a variety of settings, including preschool and LDC. Some jurisdictions have already achieved universal preschool enrolments, while in others attendance will need to increase substantially if universal access is to be achieved.

*Demand changes will differ by type of service and qualification*

As a result of the COAG ECEC reforms, national demand for qualified teachers and educators will increase in preschool and LDC. Modelling undertaken by the Commission suggests that the preschool and LDC workforce could be about 15 per cent larger than it would have been in the absence of the reforms. However, the extent of the increase will vary across jurisdictions and services depending on their current arrangements, including qualification requirements (for a complete discussion of the modelling and the empirical results, see appendix E).

In the case of LDC services, the initial increase in demand for staff may be moderated by changes in demand for services induced by fee increases. Overall, employing more qualified staff will increase labour costs. LDC services are likely to pass on these increased costs to parents in the form of higher fees (with, under existing subsidy arrangements, only a part of that higher fee being subsidised by government). Commission modelling suggests that higher fees could lead to around 10 per cent fewer children attending LDC than without the reforms. Any reduction in demand for LDC services would moderate the increase in demand for staff resulting from the introduction of the NQS.

Stronger growth in demand for staff is expected in preschools. Preschools are largely funded by state and territory governments (with substantial transfers from the Australian Government to help in the transition to universal access), requiring smaller copayments from parents (chapter 2). As governments have committed to ‘ensuring cost is not a barrier to access [to preschool]’ (COAG 2009d, p. 6), Commission modelling assumed that preschool out-of-pocket fees for parents will not change as a result of the COAG policy reforms. Hence, the level of preschool attendance is likely to be around 40 per cent higher than it would otherwise have been — reflecting both additional hours of preschool per child, and more children attending preschool — and staff numbers in these services are estimated to increase by a similar magnitude as a result of the reforms.

Commission modelling suggests that the impact of the reforms is likely to be strongest for staff holding a certificate III qualification. The number of workers with certificate III qualifications is estimated to be around 100 per cent higher than

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would have been the case in the absence of the reforms, to accommodate the increased availability of preschool services, the higher demand for preschool and the implementation of the NQS requirements.

Higher demand for staff and the increase in the average level of qualifications across the ECEC sector are expected to lead to wage increases. Early childhood teacher and diploma-qualified educator wages are expected to be at least 10 per cent higher than they would have been in the absence of the reforms, while certificate III-qualified educator wages are unlikely to change substantially.

### *Variation across jurisdictions*

Current preschool and LDC regulations vary substantially across jurisdictions and between service types. Hence, the change in demand for teachers and educators resulting from the implementation of ECEC reforms will vary by jurisdiction (table 5.4) (see appendix F for further information on current institutional arrangements in the early childhood development sector).

Despite similar staff-to-child ratios to the NQS requirements, and a high rate of preschool enrolment, Western Australia will require more qualified educators and early childhood teachers. The proportion of qualified staff in ECEC services must improve to 100 per cent (from 71 per cent in LDC and 76 per cent in preschool) to meet the NQS. Average preschool attendance in Western Australia is 11 hours per week, 4 hours per week less than the universal access target of 15 hours.

New South Wales, Victoria and Tasmania will require greater changes to meet the COAG targets than Western Australia. In New South Wales, regulated staff-to-child ratios do not comply with NQS requirement for the two to three years age group, while Tasmanian regulated staff-to-child ratios for the birth to two years age group do not comply with the NQS. Victoria plans compliance with the birth to two and two to three years age group standards by 1 January 2012. About 82 per cent of LDC staff and 73 per cent of preschool staff in Victoria are qualified to NQS levels, with these rates somewhat lower in New South Wales and Tasmania.

**Table 5.4 Existing jurisdictional arrangements in preschool and LDC**

<i>Jurisdiction</i>	<i>Staff-to-child ratio — preschool and LDCs compared to NQS requirement<sup>a</sup> (Required by 2012 for children aged birth to 2 years, and 2016 for others)</i>	<i>Qualified staff in LDC services<sup>b</sup> (target 100% by 2014)</i>	<i>Qualified staff in preschool services<sup>b</sup> (target 100% by 2014)</i>	<i>Preschool enrolment<sup>c</sup> (target 95% by 2013) week by 2013)</i>	<i>Preschool hours<sup>d</sup> (target 15 hours per week)</i>
	Children aged	%	%	%	hours
New South Wales	<ul style="list-style-type: none"> <li>• Birth to 2 years – ✓</li> <li>• 2 to 3 years – ✗</li> <li>• Older than 3 years – ✓✓</li> </ul>	72.3	68.9	81.1	12.6
Victoria	<ul style="list-style-type: none"> <li>• Birth to 2 years<sup>e</sup> – ✗</li> <li>• 2 to 3 years<sup>e</sup> – ✗</li> <li>• Older than 3 years – ✗</li> </ul>	81.9	72.8	96.2	14.6
Queensland	<ul style="list-style-type: none"> <li>• Birth to 2 years<sup>f</sup> – ✓</li> <li>• 2 to 3 years – ✗</li> <li>• Older than 3 years – ✗</li> </ul>	84.1	90.0	32.0 <sup>g</sup>	13.7
South Australia	<ul style="list-style-type: none"> <li>• Birth to 2 years – ✗</li> <li>• 2 to 3 years – ✗</li> <li>• Older than 3 years – ✗</li> </ul>	67.0	60.0	88.0	11.1
Western Australia	<ul style="list-style-type: none"> <li>• Birth to 2 years – ✓</li> <li>• 2 to 3 years – ✓</li> <li>• Older than 3 years – ✓✓</li> </ul>	70.5	76.0	95.0	11.0
Tasmania	<ul style="list-style-type: none"> <li>• Birth to 2 years – ✗</li> <li>• 2 to 3 years – ✓</li> <li>• Older than 3 years – ✓✓</li> </ul>	73.3	70.4	96.5	11.8
Northern Territory	<ul style="list-style-type: none"> <li>• Birth to 2 years – ✗</li> <li>• 2 to 3 years – ✓</li> <li>• Older than 3 years – ✓</li> </ul>	58.1	51.7	84.2	12.9
ACT	<ul style="list-style-type: none"> <li>• Birth to 2 years – ✗</li> <li>• 2 to 3 years – ✗</li> <li>• Older than 3 years – ✓</li> </ul>	62.9	65.4	94.0	13.0

<sup>a</sup> ✓ — reflects compliance with NQS ratios based on current state legislation. ✗ — reflects non-compliance with NQS ratios. ✓✓ — reflects ratios that are higher than the NQS under current state legislation. Where NQS ratios are exceeded, these will remain unchanged. <sup>b</sup> Percentage of paid staff (including teachers) with a relevant formal qualification at or above certificate III. The NQS requires all early childhood staff to hold or be actively working towards a certificate III or above by 1 January 2014. <sup>c</sup> Proportion of children enrolled in an early childhood education program. The NPA ECE requires all children to have access to 15 hours of preschool by 1 January 2013. While access to preschool does not necessitate enrolment, DEEWR has set a target of 95 per cent preschool enrolment by 2013 (DEEWR 2011c). <sup>d</sup> Average hours per week of attendance at an early childhood education program. <sup>e</sup> The ratios will comply or be higher than the NQS from 1 January 2012. <sup>f</sup> The existing *Child Care Regulations 2003* in Queensland allow for lower staff-to-child ratios where children are educated and cared for in groups from birth to 3 years or 15 months to 3 years. In the latter case, the existing ratios will continue to apply until 2018. <sup>g</sup> In 2007, Queensland discontinued preschool and introduced the preparatory year (box 5.1)

Sources: COAG (2009h); DEEWR (ndg, ndf); SCRGSP (2011a).

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Queensland, South Australia, the Northern Territory and the ACT need to make substantial progress in order to meet the NQS and implement universal preschool access. South Australia, the Northern Territory and the ACT have qualified staff rates below 68 per cent in both preschool and LDC and will need significantly more qualified teachers and educators to reach the NQS target by 2014. While Queensland has the highest percentage of qualified staff, it has the lowest preschool attendance rate of all jurisdictions, and will therefore need to substantially increase the number of early childhood teachers (box 5.1). South Australia, the Northern Territory and the ACT have the highest rate of preschool staffing waivers, suggesting they are already struggling to meet their existing regulatory standards (chapter 11).

### *Teacher qualification requirements under the COAG ECEC reforms*

When it was signed in 2008, the NPA ECE required all early childhood teachers delivering a preschool program to have a 4-year teaching degree (COAG 2009d). There are about 12 200 degree-qualified early childhood teachers in the preschool and LDC workforce, 70 per cent of whom are 4-year degree-qualified (DEEWR ndf).

#### **Box 5.1 Queensland preschool changes**

Queensland's low preschool participation rate is largely due to a reconfiguration of early childhood schooling in the state in 2007. Prior to this, Queensland students entered year one in the year they turned 6, rather than in the year they turned 7 as is the case in other jurisdictions. In the interests of creating a national uniform starting age, a full-time non-compulsory preparatory year was introduced as the first year of formal schooling in Queensland, with year one becoming the second year of formal schooling as in other jurisdictions.

To implement this change, most existing Queensland government preschool services were converted into preparatory services. As a result, the number of preschool services available in Queensland declined by almost 73 per cent between 2007 and 2008. Additionally, preschool educational programs in Queensland now no longer attract school funding, and so impose a higher cost on parents than the previous arrangement. Queensland preschool enrolments declined substantially in response to these changes.

*Sources:* Dowling and O'Malley (2009); SCRGSP (2011a).

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The proposed Education and Care Services National Regulations, which give effect to the NQS, state that currently employed 3-year qualified teachers will meet the definition of a qualified teacher required under the NQS.

... [an early childhood teacher] employed/registered/accredited/approved as a qualified early childhood teacher (or equivalent) at any time between 1 January 2010 and 1 January 2012; or [that holds] a qualification approved by a jurisdiction as a qualified early childhood teacher (or equivalent) immediately prior to 1 January 2012 will continue to have their qualification recognised under the National Quality Framework. (COAG 2010, p. 86)

In the draft report, the Commission recommended that, both as a matter of consistency and to assist the transition to the NPA ECE, currently employed 3-year-qualified teachers should be permitted to deliver preschool programs. The Commission also suggested that any 3-year qualified teachers returning to or entering the workforce should be permitted to deliver preschool programs provided a plan is in place for them to upgrade their qualification to a 4-year equivalent.

The Commission received a number of submissions in support of this recommendation (Australian Education Union, sub. DR167, KU Children's Services, sub. DR188). Some state and territory governments have already indicated that they will permit currently employed 3-year-qualified teachers to deliver the NPA ECE preschool program. The ACT Government advised it would support 3-year-qualified teachers in the transition, but noted that all early childhood teachers in ACT Government preschools were already 4-year-qualified (sub. DR338). The Victorian Government regards the requirement for 4-year-qualified teachers to deliver the NPA ECE as an 'aspiration', and is focused on:

... achieving the number of qualified early childhood teachers required to meet our obligations under the current reform agenda, including retaining our current three-year trained teachers in the workforce. This is reflected in Victoria's bilateral agreement under the NPA ECE. (sub. 87, p. 8)

Likewise, the New South Wales Government indicated its support for the draft report recommendation, noting that:

The lead time to train the required workforce of four year qualified early childhood teachers extends beyond the five year life of the National Partnership Agreement on Early Childhood Education, and this recommendation recognises that there are greater benefits to children in retaining three year qualified teachers than in losing them from the early childhood education system. (sub. DR326, p. 5)

A subsequent adjustment to the NPA ECE, which in effect recognises 3-year trained teachers, is expected to alleviate these concerns. In October 2011, the Ministerial Council for Education, Early Childhood Development and Youth Affairs, which oversees the implementation of the NPA ECE, agreed to recognise 3-year trained

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early childhood teachers who already hold their qualification or will graduate by 30 June 2013 for the purposes of offering preschool programs. However, the issue of teachers returning to the workforce was not considered by the Ministerial Council (MCEECDYA 2011a).

RECOMMENDATION 5.1

*To assist in the transition to the National Partnership Agreement on Early Childhood Education, governments should permit any 3-year-qualified teachers returning to or entering the workforce to deliver the preschool program, provided a plan is in place for them to upgrade their qualification to the equivalent of a 4-year degree.*

### **The effect of COAG reforms on the OC workforce**

Demand for qualified staff in OC is not expected to change substantially at the national level after the introduction of the NQS. OC services, along with a number of other types of ECEC services, are initially excluded from the NQS (chapter 3). In most cases, OC services will continue to be covered by existing jurisdictional regulations. However, where OC is offered out of the same site as an ECEC service subject to the NQS, such as LDC or preschool, the NQS may apply. This is an issue in South Australia, where the major supplier of OC is the Department for Education and Child Development.

Legal advice has been received that the National Law will not distinguish programs that are operating at a site. If one program is in scope then all other programs operating at the site are also in scope, which means the [Department for Education and Child Development] occasional care program will need to be assessed as part of the preschool service [operated from the same site]. (sub. DR337, p. 5)

This issue may potentially affect a small number of OC services in other jurisdictions, but will not affect stand-alone OC services, which make up the majority of the sector.

As a result of the NQS, OC services may find it more difficult to recruit qualified educators due to increased demand from preschool and LDC. Because the majority of OC staff have ECEC qualifications and the supply of qualified educators is limited, additional demand for qualified educators from preschool and LDC may potentially draw qualified staff away from the OC sector.

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*Should occasional care be included in the NQS?*

Including OC in the NQS would impose additional costs on services, through higher staff qualification requirements and higher staff-to-child ratios. While this may offer some benefits in terms of improved service quality, it must be assessed against the cost of developing a more highly qualified workforce.

In response to the draft report, the Commission received a number of submissions suggesting that OC should be included in the NQS. Submissions suggested that children in OC would benefit from access to more qualified staff and higher staff-to-child ratios.

... [OC] may present the only opportunity to influence children's outcomes. This is particularly the case for children experiencing disadvantage whose parents receive income support, are unemployed, or on a disability pension. Occasional care workers, on this basis, should not be excluded from mandatory qualification requirements. (ACT Government, sub. DR338, p. 7)

Early years learning can occur anywhere and at any time. This is one of the key messages in the government reforms and should not be diluted by removing expectations of best practice and high standards of staff and services. (Hume City Council, sub. DR325, p. 4)

... the complex needs of communities accessing occasional child care and their overwhelming preference for the service to support social development of the child ... support the case for occasional care workers to have mandatory qualifications. (Association of Neighbourhood Houses and Learning Centres, sub. DR186, p. 2)

CCC contends that occasional care ... [is an] education setting, influencing the experiences and development of children and therefore require[s] educators with appropriate qualifications. (Community Child Care, sub. DR212, p. 12)

While the Commission is mindful that there may be benefits to higher minimum staff qualifications and staff-to-child ratios for children in OC, recruiting more qualified staff will be costly. This cost may be passed on to parents in the form of higher fees, especially as many OC services are not approved to administer child care subsidies. Increased fees may reduce access to OC, particularly for disadvantaged families who may benefit most from ECEC services. This should be considered before any further mandatory qualification requirements are applied to OC.

OC is already subject to jurisdictional regulations that impose minimum qualification standards and staff-to-child ratios (table 5.5). The New South Wales Government submitted that it currently has 'no plans to impose additional mandatory qualification requirements on occasional care workers' under the current regulatory arrangements for OC services (sub. DR326, p. 6).

**Table 5.5 Current jurisdictional regulations for occasional care**

<i>Jurisdiction</i>	<i>Status</i>	<i>Staff-to-child ratio</i>	<i>Qualified staff-to-child ratio</i>
NSW	Licensed	0–2 years, 1:4 2–3 years, 1:8 3–6 years, 1:10	One qualified staff member <sup>a</sup> A teacher must be employed if there are more than 29 children attending <sup>b</sup>
Vic	Licensed <sup>c</sup>	0–3 years, 1:5 >3 years, 1:15	0–3 years, 1:15 >3 years, 1:30
Qld	Licensed	0–24 months, 1:4 15–36 months, 1:5 25–35 months, 1:6 >35 months, 1:12	All staff must hold a minimum of a certificate III qualification <sup>d</sup>
SA <sup>e</sup>	No licensing required	0–2 years, 1:5 >2 years, 1:8	0–2 years, 1:20 >2 years, 1:35
WA	Licensed	0–2 years, 1:4 2–3 years, 1:5 >3 years, 1:10	0–2 years, 1:12 2–3 years, 1:15 >3 years, 1:30
Tas	Licensed	0–3 years, 1:5 >3 years, 1:10	0–3 years, 1:10 <sup>f, g</sup> >3 years, 1:20
NT	Licensed	0–3 years, 1:5 >3 years, 1:11	0–3 years, 1:10 <sup>h</sup> >3 years, 1:22 <sup>h</sup>
ACT	Licensed	0–3 years, 1:5 >3 years, 1:11	0–3 years, 1:10 >3 years, 1:22

<sup>a</sup> A qualified staff member must hold a Diploma of Child Studies or Children's Services. Services must also employ at least one staff member with appropriate training for children under two whenever children under two are present in the service. <sup>b</sup> Services must employ one qualified teaching staff member where there are 30 children in attendance. There must be two teaching staff employed where there are 40-59 children, 3 teaching staff employed for 60-79 children and 4 teaching staff employed for 80-90 children. <sup>c</sup> Services caring for fewer than four children under the age of 13 do not require licensing. <sup>d</sup> Group leaders must hold a diploma. Service directors must have a 3-year vocational or tertiary qualification. <sup>e</sup> The South Australian Department for Education and Child Development manages the majority of occasional care services in the state. <sup>f</sup> The ratio is one qualified staff member to 15 children for combinations of children between birth and 5 years, with no more than five children younger than 3. <sup>g</sup> Approved qualifications include a minimum of a two-year full-time or equivalent accredited post-secondary education or tertiary qualification in early childhood. <sup>h</sup> At least two staff to be in attendance at all times, one of whom must be qualified at diploma level or above.

Source: COAG (2009h).

The decision to exempt OC from the NQS will be reviewed in 2014 (COAG 2009h), but only after extensive consultation with the OC sector (DEEWR, sub. DR301). The Commission considers that the review process should include a full assessment of the costs and benefits of including OC in the NQS. This assessment would have regard for, among other matters, the potential benefits of higher qualification requirements and staff-to-child ratios in OC. Consideration would also be given to whether these requirements would increase the cost of providing OC services and how that might affect access to OC, particularly for low-income families. Regard should also be given for the effect that increased

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demand for qualified teachers and educators in LDC and preschool has on OC services.

RECOMMENDATION 5.2

*A review of the decision to exempt occasional care from the National Quality Framework is scheduled for 2014. This review should involve a careful consideration of the full costs and benefits of including occasional care in the National Quality Framework, particularly the impacts of any fee increases for parents, and resulting impact on participation by children from low-income families.*

### **5.3 Supply of early childhood teachers**

Teachers qualified to work in ECEC typically have the option to work in LDC, preschool or primary school settings. Early childhood teachers are usually qualified to teach children aged from birth to 8 or 12 years of age, depending on the particular course undertaken (Southern Cross University and Early Childhood Australia (NSW), North Coast Branch, sub. 16). Where qualified early childhood teachers choose to work is influenced by the relative attractiveness of LDC, preschool and primary school teaching positions.

#### **Wages and conditions for early childhood teachers**

##### *Award modernisation*

The modern award is indicative of the differences between pay and conditions for LDC teachers and other early childhood teachers. All early childhood education teachers, regardless of work setting, are covered by the Educational Services (Teachers) Award 2010 (table 5.6). This modern award provides the ‘safety net’ minimum salary that can be paid to early childhood teachers in LDC, preschool and school services and replaces previous state awards covering early childhood teachers.<sup>2</sup> However, many early childhood teachers have their wages and conditions set through collectively negotiated agreements with their employer, with wages often set above the modern award rate.

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<sup>2</sup> The Western Australian Government has chosen not to join the national workplace relations system, so sole traders, partnerships, other unincorporated entities and non-trading corporations in Western Australia remain in the state award system (FWA 2010).

**Table 5.6 Modern award wages and conditions for 4-year qualified teachers**

	<i>Teacher working in a school or related service<sup>a</sup></i>	<i>Teacher working in an LDC centre</i>
Salary range per year	\$42 971–\$56 715	\$44 690–\$59 326
Allowances	1.6–8.0% of the standard salary for teachers in leadership positions	11.5–17.3% of the standard salary for teachers that are appointed as centre directors
Working days and hours	205 working days per year, with variable hours per day	230 working days per year, up to 10 hours per day. Rostering system allows for rostered days off if longer hours are worked
Annual leave	10–12 weeks per year, depending on jurisdiction	4 weeks per year

<sup>a</sup> Includes primary school teachers and preschool teachers working in a school setting.

Source: Educational Services (Teachers) Award 2010.

The modern award salary for LDC teachers is set above that for school teachers. Teachers employed under this award in LDCs work 12 per cent more days each year, for which the award provides compensation in the form of 4 per cent additional salary. The award allows for LDC teachers to work shifts of up to 10 hours duration, whereas a typical mandated workday for a teacher employed in the school system would be the standard 7 hours and 21 minutes.

### *Differences in wages between LDC, preschool and primary schools*

In many cases, the pay and conditions for teachers in LDC have been below those offered to preschool and primary school teachers. These differences in pay and conditions are considered to be a result of the historical separation of early childhood ‘care’ and ‘education’ (Elliott 2006).

Early childhood teachers employed in the school system are paid wages substantially higher than the modern award minimum (Dowling and O’Malley 2009). In Western Australia, South Australia, Tasmania, the Northern Territory and the ACT, most preschool services are provided by government or non-government schools (table 5.7). Preschool teachers in these states are employed within the school system and receive the same wages as primary school teachers (table 5.8).

**Table 5.7 Preschool services by service provider type, 2010<sup>a</sup>**

<i>Provider type</i>	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
	%	%	%	%	%	%	%	%
Community-managed	70.2	73.3	90.2	4.5	na	–	na	na
Privately-managed	20.5	1.8	0.5	na	na	–	na	na
Non-government schools	na	6.8	1.3	na	na	27.4	3.3	13.0
Government-managed	9.3	18.1 <sup>b</sup>	8.0	95.5	100.0	72.6	96.7	87.0

<sup>a</sup> Includes all Australian, state and territory government supported services. <sup>b</sup> All government-managed preschools in Victoria are managed by local government. **na** Not available. – Nil or rounded to zero.

Source: SCRGSP (2011a).

**Table 5.8 Annual wage of 4-year-qualified early childhood teachers employed in the state school system<sup>a</sup>**

	<i>Graduate-level wage</i>	<i>Highest level wage<sup>b</sup></i>
	\$	\$
NSW	56 829	84 759
Vic	55 459	81 806
Qld	56 900	81 372
SA	55 665	79 816
WA	56 112	84 863
Tas	56 436	82 533
NT	58 457	83 065
ACT	55 327	78 837

<sup>a</sup> Annual salary as at 1 July 2011. <sup>b</sup> Based on years of service only. Does not include merit-based positions.

Sources: DECS (2011a); DEECD (2009b); DET ACT (2009); DET NSW (nda); DET NT (2010b); DET Queensland (2010); DoE Tasmania (2011); DoE Western Australia (2011a).

Despite being employed outside the school system, wages for Victorian and Queensland preschool teachers are similar to those paid to school teachers. Preschool teachers in Victorian community-managed preschools are employed under the Victorian Early Childhood Teachers and Assistants Agreement 2009 (VECTAA 2009) with similar pay and conditions to Victorian state primary school teachers. Preschool teachers employed by local governments in Victoria may be employed under an enterprise bargaining agreement, which is negotiated using VECTAA 2009 as the wage benchmark, or under the Local Government Early Childhood Education Employees Agreement 2009, under pay and conditions aligning with VECTAA 2009 (AEU Victoria 2011).

Likewise, Queensland preschool teachers are paid similarly to their school-based colleagues (C&K Association, sub. 52; Independent Education Union of Australia, sub. 50).

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However, almost all LDC teachers, and most New South Wales preschool teachers are employed on wages and conditions that do not compare favourably with those offered in the school system.<sup>3</sup> A number of submissions noted the disparity in wages and conditions.

The significant disparity in wages and salaries between staff who work in Long Day Care (LDC) and staff who work in preschools [in South Australia] is considered a major cause of attrition rates. Many workers in child care hold the same degree qualification as preschool teachers, but without their qualification being recognised and without receipt of appropriate remuneration. (Gowrie SA, sub. 40, p. 2)

In NSW early childhood teachers working in preschools in Government schools are paid at a much higher level than those in community based preschools. (NIFTeY Australia, sub. 37, p. 3)

This makes the recruitment and retention of qualified early childhood teachers difficult for LDCs across the country, and for community- and privately-managed New South Wales preschools.

The better wages and conditions for primary school teachers attract [ECEC teaching] graduates [to primary school teaching] either immediately on graduation or after a short period in the early [childhood] education and care sector. (NSW Children's Services Forum, sub. 23, p. 7)

### *Differences in conditions between LDC, preschool and primary schools*

In addition to higher salary, early childhood teachers employed in the school system also enjoy better working conditions. Teachers employed in the school system receive, among other benefits, more holidays, more preparation time, and shorter working days than specified by the Educational Services (Teachers) Award. For instance, full-time preschool teachers in Western Australian public schools are entitled to 5 hours and 20 minutes non-contact time each week (DoE Western Australia 2011b), while the Educational Services (Teachers) Award only specifies that teachers responsible for programming and planning are entitled to a minimum of two hours per week non-contact time.

In cases where wages offered to early childhood teachers are similar to those in the school sector, teachers still tend to prefer school positions. In Victoria and Queensland, where preschool teachers are paid a similar wage to their school-based counterparts, it was felt that school teachers enjoyed superior conditions.

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<sup>3</sup> A minority of preschool teachers in New South Wales are employed in preschools managed by the Department of Education and Training or preschools managed by independent schools. These teachers are paid at the same rate as teachers employed in the school sector (NSW/ACT Independent Education Union 2010).

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C&K Association submitted that Queensland state school teachers have more non-contact hours and other superior conditions compared with Queensland preschool teachers (sub. 52). Kindergarten Parents Victoria noted that:

[Early childhood teaching] students report electing to enter schools rather than early childhood services as they believe the positions are of a higher status, they are provided with genuine professional development opportunities, the support of peers, career opportunities and collegiality. (sub. 72, p. 9)

This also seems to be the case in New South Wales, where most preschool teachers are paid at a similar rate to LDC teachers. ECEC service provider SDN Children's Services noted that LDC teachers in New South Wales work longer hours and have fewer holidays than preschool teachers (sub. 31). Considering that preschool teachers might have up to 12 weeks of holidays per year, compared to 4 to 6 weeks for LDC teachers, the differences in working conditions between preschool and LDC might be substantial, even when the wages are similar. Southern Cross University and Early Childhood Australia (NSW), North Coast Branch reported that:

There has been a consistent interest in obtaining a position within a preschool setting by both teachers and child care workers due to the shorter hours of work, and [longer] holiday periods. There is also a reduction in the attrition rate of staff within such settings for the same reason. (sub. 16, p. 3)

Differences in pay and conditions are recognised by early childhood teachers entering the workforce and influence their choice of employment (Independent Education Union of Australia, sub. DR163). A survey of students enrolled in university early childhood teaching courses found that less than 5 per cent of students had a preference for working in LDC. About half the survey respondents indicated that they would prefer not to work in LDC, with many citing poor pay and conditions as a primary factor affecting their decision (Thorpe et al. 2011). The Institute of Early Childhood, Macquarie University submitted that due to the differences in pay and conditions, it was 'unsurprising that many pre-service teachers actively choose to not work in the prior to school sector' (sub. DR158, p. 5).

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## Recruitment of additional teachers to long day care

LDC services have persistently reported difficulty recruiting early childhood teachers (see for example, DEEWR 2011r; O'Malley 2006; Warrilow and Fisher 2003). This suggests that wages and conditions offered by LDCs might not be sufficient to recruit the number of teachers needed.

For early childhood teachers the labour market varies between the long day care and education sectors. Employers in the school system generally received a good response to their advertisements for early childhood teachers and vacancies were easily filled. Employers in the long day care sector experienced significant difficulty recruiting and generally attracted small numbers of suitable applicants. Contacts suggest the differences reflect more attractive leave, salary advancement and career opportunities on offer in the education sector. (DEEWR 2011r, p. 33)

Currently, New South Wales is the only jurisdiction that requires LDC services to employ a qualified early childhood teacher, and only when more than 29 children are in attendance. However, many LDC services in the state have been unable to meet this requirement. Purcal and Fisher (2007) found that overall, 7.9 per cent of ECEC services in New South Wales were granted waivers because they were unable to meet the state regulatory requirement to employ an early childhood teacher (see chapter 3 for further discussion of waivers). The Independent Education Union of Australia noted that:

Pay inequity is one of the major contributing factors to the labour shortage in the early childhood education and care sector. Staff will not enter into, or remain in, services where they are undervalued and underpaid compared to other services. (sub. 50, p. 10)

The NQS requires early childhood teachers to be employed in all LDC services across the country. Kindergarten Parents Victoria warned that without an increase in the supply of teachers it would be impossible to achieve the NQS requirements and deliver the NPA ECE (sub. 72).

To recruit more early childhood teachers, services will have to pay the higher market wage, which is largely dictated by wages in the school sector (box 5.2). The wage disparity between early childhood teaching and primary school teaching positions might also make it difficult to recruit high quality teachers to ECEC (Early et al. 2007), which runs contrary to the goal of the NQS to improve ECEC quality.

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### Box 5.2      **The market for early childhood teachers**

The market wage for early childhood teachers is largely determined by the wages these teachers are offered in schools. In most jurisdictions, where preschool services are funded and/or operated by government, preschools are able to match this wage. However, long day care (LDC) services nationally and community-operated preschool services in New South Wales are usually not able to offer an equivalent wage. As a result, these services face difficulty recruiting teachers. This is despite the supply of qualified teachers exceeding the quantity demanded by schools. The Australian Government found that:

[Teacher] supplies to the education sector [overall] are adequate. There are few difficulties recruiting primary school teachers and a more than adequate supply of these professionals is reported across both government and independent school sectors. (DEEWR 2011r, p. 32)

Given the gap between wages offered by schools and those offered by LDCs, teachers are often reluctant to accept LDC teaching positions. The Tasmanian Government commented that:

Due to there being a limited number of kindergarten positions [in the Tasmanian school system] available each year some recently qualified ECD teachers may be 'forced' into the child care sector to gain some practical experience in the industry as they wait for a position in a school to open up. (sub. 77, p. 4)

The difficulty of recruiting early childhood teachers to LDC may be exacerbated to some extent by the COAG ECEC reforms. The National Quality Standard (NQS) will require the employment of degree-qualified early childhood teachers in all LDCs (unless the service is granted a permanent waiver from this requirement). As such, it is difficult to foresee how LDC services that cannot afford to recruit a qualified early childhood teacher at current wage levels will be able to afford to recruit a teacher as demand for teachers increases. At the same time, the number of teaching positions in preschools, paid at the school wage level, will increase due to the universal access commitments in the National Partnership Agreement on Early Childhood Education and it is likely that most early childhood teaching graduates will have a preference for preschool over LDC teaching.

However, LDC services will find it difficult to pay early childhood teachers higher wages. In LDC, staff wages are largely funded out of fee revenue, in contrast to most schools, where governments provide a significantly greater proportion of funding. Employing early childhood teachers imposes additional costs on LDC services, which must be passed on to parents in the form of higher fees. While fees are partly subsidised by the Australian Government, at least half the increase will be funded by parents (chapter 3). The higher the salary paid to the teacher, the higher the associated fee increase must be. Because parents have a limited willingness to pay for service quality improvements (box 5.3), higher fees might result in a decline in the number of children attending LDC.

### Box 5.3 Willingness to pay

The willingness of parents to pay for early childhood education and care (ECEC) services is determined by the net benefit that parents derive from using those services. One benefit of ECEC is that it may allow parents to work when they otherwise would not be able to, subject to the cost of ECEC.

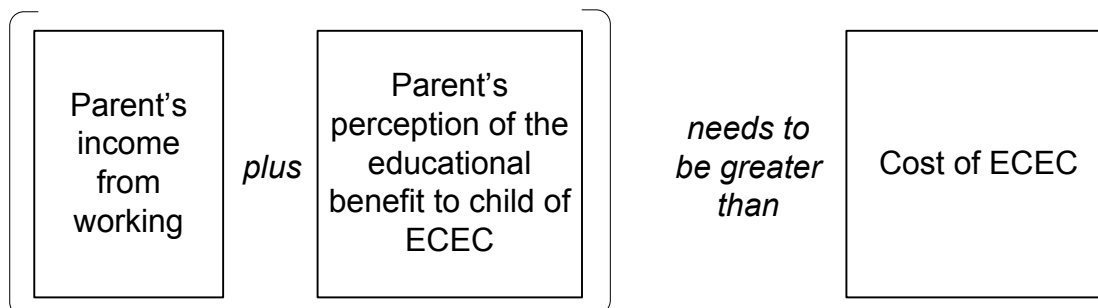
Affordability of a service will be influential on the female labour force ... wages must be equal to or exceed the costs of an ECEC service or it is a financial burden to return to work (rather than financial gain). (Gr8 START, sub. 54, p. 3)

Because women are usually the primary caregivers, the availability of affordable ECEC services is closely linked to the female labour force participation rate (Baxter 2004).

The other main benefit that parents receive is the perceived educational benefit of ECEC for their child. The Benevolent Society noted that:

Child care has historically been seen as a labour force issue, enabling women to work, rather than as an educational and developmental necessity for children. However, with the increased awareness among parents and the wider community of the importance of the early years of a child's life and the benefits of being 'school ready', parents are now utilising ECEC services to positively promote their child's development. (sub. 49, p. 11)

However, parents will only demand ECEC services if the sum of the income earned while their child is in the ECEC service and the educational benefit of the ECEC service to the child as perceived by the parents are greater than the cost of the ECEC service to the parents:



Parents' valuation of the educational quality of the ECEC service varies because ECEC quality measures are typically subjective (Da Silva and Wise 2006). In some cases, parents may lack sufficient information for objective valuation (Brennan 2007). The value ascribed to the educational component of ECEC services will therefore tend to differ between parents.

By increasing qualification requirements and staff-to-child ratios, the National Quality Standard (NQS) will increase the cost of ECEC. As a consequence, the net benefit of using ECEC services will no longer be positive for some parents, and demand will decrease. Research results differ on the extent of the decline expected. For instance,

(Continued next page)

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**Box 5.3** (Continued)

Gong, Breunig and King (2010) found that a 1 per cent increase in ECEC fees leads to a 0.3 per cent reduction in the employment rate of partnered mothers with young children and a 0.7 per cent decline in the number of hours worked. However, increases in ECEC fees are likely to have a more pronounced effect for low-income families and single parents (Doiron and Kalb 2005).

If parents cannot afford to pay the costs of ECEC, their workforce participation will be impeded (Brennan, Blaxland and Tannous 2009). Australian Community Children's Services noted that:

When child care fees increase a decision is made in some families to withdraw from the workforce in order to care for their children resulting in the loss of skills and labour from the economy and a loss of career engagement for the parents. (sub. 64, p. 5)

The ability of ECEC services to pass on increased labour costs to parents is likely to be greater in areas of higher income, as high-income parents are less sensitive to changes in fees. Services in low-income areas have less capacity to pass on costs to parents, as low-income parents are much more sensitive to possible fee increases. As a result, ECEC services in lower income areas are less likely to be able to recruit additional staff to raise staff-to-child ratios to the NQS requirement (Community Child Care Co-operative, sub. DR183).

The implementation of the [National Quality] framework — in particular, the increase in the ratio of staff to children in ECEC centres and changes to qualifications required of staff — means that childcare costs will increase. While the Brotherhood fully supports higher quality standards in the industry we also want to ensure that low-income families are not excluded due to increased cost. (Brotherhood of St Laurence, sub. 32, pp. 3–4)

Even though there is some means-tested support available, it remains the case that lower-income families will be the first to abandon the ECD sector as a result of rising costs. (Australian Childcare Centres Association, sub. DR354, p. 4)

Fee increases to parents as a result of the implementation of the NQS will reduce demand for ECEC services. The reduction in demand will be determined by the extent of the fee increase and the value parents place on any increase in service quality.

In many cases, service providers are reluctant to increase fees to a level that would enable them to cover the cost of employing an early childhood teacher, while regulators are averse to closing services unable to meet regulatory staffing requirements, preferring instead to grant service waivers (Purcal and Fisher 2007).

Without wage rises for early childhood teachers, it will be difficult to substantially increase supply (Australian Catholic University, sub. 24). The reforms are likely to cause workforce shortages, and this may put pressure on wages for teachers (MCEECDYA 2011b). Additionally, mechanisms for fast-tracking degree-qualified individuals into the ECEC teaching workforce, such as the United Kingdom's Early Years Professional status may need to be considered (see appendix D for further

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discussion of this policy and early childhood development systems in other countries more broadly).

While the Australian Government currently offers assistance to qualified early childhood teachers in paying higher education fees, this is unlikely to encourage many additional teachers to apply for LDC positions. In 2010-11, the Australian Government offered all qualified teachers (including early childhood teachers) a reduction of up to \$1,588.11 in the HECS-HELP debt incurred while they were studying for their degree (ATO 2011a). Qualified early childhood teachers employed in ECEC are eligible for a slightly higher reduction of \$1,693.99.<sup>4</sup> The benefit is paid equally to both LDC and preschool teachers, and there is only a difference of \$105.88 between the benefit paid to qualified teachers in preschool and LDC and that offered to teachers more broadly. Therefore, the Commission considers that this policy is unlikely to increase the number of applicants for LDC teaching positions.

### *Responses to the draft report*

The Commission received submissions from over 120 early childhood teachers concerned about the wage disparity between teachers in LDC, preschools and primary schools in New South Wales.

As a teacher in a NSW early childhood education and care service, I was happy to read that the Productivity Commission has recognised the need for long day care centres and preschools in NSW to offer salaries which have parity with primary teachers in the schools sector. (NSW early childhood teachers, sub. DR199, p. 1)

[Pay parity] will help to retain teachers like myself who are passionate about Early Childhood Education but struggle to make ends meet on the less attractive pay rates. (Kim Smith, sub. DR207, p. 1)

The difference in the level of pay has been a huge barrier in our service to attract Early Childhood teachers for both casual and permanent positions ... Early Childhood Teachers need recognition of the professionalism they bring to the sector and this should also be reflected in pay parity. (Ann-Maree Fisher, sub. DR209, p. 1)

This is especially important for small rural communities, who value their early childhood service, but already find it difficult to attract degree trained early childhood teachers. If pay parity is not achieved, early childhood graduates will choose to work in the school sector, in larger towns and cities. (Kathy Toirkens, sub. DR280, p. 1)

Most submissions on early childhood teacher wages suggested that the wage disparity could only be resolved through additional government funding,

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<sup>4</sup> In addition, a HECS-HELP benefit of up to \$1,693.99 is available to early childhood teachers who work in designated (mainly rural and remote) areas (ATO nda) (see chapter 9).

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particularly in the form of wage subsidies. The Independent Education Union of Australia submitted that:

It is ... necessary for State and Federal Governments to make a commitment to significantly increase the amount of funding not only to cover the early childhood education and care centres costs in implementing the National Quality Reforms but also to guarantee that teaching staff receive parity of salaries and conditions with those of their colleagues in schools. (sub. DR163, p. 3)

Some submissions expressed concern that access to preschool and LDC may decline if parents must share the cost of higher teacher wages. The Tasmanian Ministerial Child Care Advisory Council stated that it will be difficult for many parents to pay the higher fees resulting from the implementation of the NQS (sub. DR173). The Community Child Care Co-operative observed that ‘we could end up with having a two tiered ECEC system, with neighbourhoods in lower socio economic areas having less well staffed services’ (sub. DR183, p. 7).

However, DEEWR submitted that the *Fair Work Act 2009 (Cwlth)* provided an appropriate mechanism to deal with wage disparity:

DEEWR considers that the bargaining framework under the Fair Work Act 2009 provides an appropriate avenue to address these issues [of pay and conditions]. Under the Fair Work Act, employees and employers can bargain together in good faith for an enterprise agreement tailored to meet the needs of each workplace. (sub. DR301, p. 10)

The NQS and the NPA ECE will place upward pressure on salaries and conditions for early childhood teachers. This is expected to occur in both preschools and LDCs and across jurisdictions given the limited supply of qualified early childhood teachers. The Commission considers that it is desirable to retain some flexibility in the setting of salary and conditions for teachers in order to accommodate the diverse requirements of different LDC and preschool services.

FINDING 5.1

*In order to attract and retain a sufficient number of early childhood teachers to achieve the reforms set out in the National Quality Standard and the National Partnership Agreement on Early Childhood Education, salary and conditions offered by long day care centres will need to be competitive with those offered to primary teachers in the school sector. Community- and privately-managed preschools in New South Wales will also need to offer similarly competitive salaries and conditions for their teachers, which is already the case in other jurisdictions.*

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## 5.4 Supply of qualified educators

The recruitment and retention of qualified educators in preschool and LDC is an ongoing problem, though to a lesser extent than it is in the case of teachers (GoodStart Childcare, sub. 34). For example, the Government of South Australia reported that:

In [South Australia], the dominant issue in the child care workforce is retention of workers. A significant number of [waivers] approved by the Department of Education and Children's Services Licensing and Standards Unit suggests that employers are having difficulty recruiting and retaining qualified workers with the necessary Diploma qualifications. Employers are faced with a high turnover of workers with entry level qualifications. (sub. 66, p. 6)

The attractiveness of preschool, LDC and OC work for persons with certificate III and diploma qualifications (or those intending to gain qualifications) depends on the wages and conditions available to them in preschool, LDC and OC relative to the wages and conditions of alternative employment. The Victorian Government noted that:

Another significant influence on ECD workforce supply is the attractiveness of ECD careers, both in themselves, and in comparison to other sectors with which ECD must compete for staff. Anecdotal evidence from early childhood stakeholders and research commissioned by [the Department of Education and Early Childhood Development] indicates that wages and conditions are an important consideration for potential entrants to the early childhood sector when making career decisions. (sub. 87, p. 13)

### Supply of service leaders

While leadership roles in preschool services are usually filled by qualified teachers, in LDC and OC these roles are more commonly performed by staff with advanced diploma and diploma qualifications (table 5.9). Governments have made a commitment to remove course fees for TAFE Diploma of Children's Services courses (COAG 2009g). This will increase the supply of individuals with qualifications for leadership roles. However, it should be noted that even fully removing course fees can only partly reduce study costs as there will still be an opportunity cost, in terms of time taken to complete the course, to individuals undertaking study.

**Table 5.9 Educational attainment of service leaders in preschool and long day care, 2010<sup>a</sup>**

	<i>Preschool principal, preschool service director, or teacher-in-charge</i>	<i>LDC service director</i>
	%	%
Bachelor, 4 years	52.7	20.3
Bachelor, 3 years	16.0	13.5
Advanced diploma or diploma	14.7	56.8
Certificate III or IV	14.7	2.5
Less than certificate III	0.5	1.1
No ECEC qualification	0.4	5.2
Attainment not known	1.0	0.6

<sup>a</sup> Highest level of attained qualification in an ECEC related field. Does not include qualifications that preschool and LDC staff may be currently studying towards but have not yet attained.

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

## Supply of educators

In the short term, increased educator qualification requirements might reduce the supply of preschool and LDC educators by increasing the retirement rate. Presently unqualified preschool and LDC educators in all jurisdictions will be required to commence studying a Certificate III in Children’s Services by 1 January 2014. This might result in the loss of some experienced staff by bringing forward their decision to retire because the costs of study are high relative to the wages they will earn over the remainder of their working career.

... many services are concerned that the perceived rate of significant change over the next few years may see an increased rate of retirement from long-standing, experienced staff. The increased qualification requirements, in particular, may have a negative impact as older staff ... do not wish, or are not in a position, to undertake further study. (NSW Children’s Services Forum, sub. 23, p. 9)

... the qualification reforms risk driving experienced staff who do not possess formal qualification out of the sector by 2014. (Australian Childcare Centres Association, sub. DR354, p. 8)

Transitional arrangements will permit small numbers of unqualified, experienced staff to remain in ECEC services beyond 2014. The draft NQS regulations allow unqualified staff with at least 15 years of experience in ECEC to continue working without gaining a qualification until 2016 (ACECQA 2011). In 2010, about 15 per cent of unqualified staff had over a decade of experience, while nearly 65 per cent had been in the sector for less than three years (DEEWR ndn).

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As OC will not initially be included under the NQS, there is some potential that experienced but unqualified ECEC workers currently employed in preschool and LDC may move into the OC workforce. This may limit the loss of workers from the ECEC workforce, although the capacity for this to occur depends on a variety of factors. These include jurisdictional restrictions on OC services employing unqualified workers and the demand from OC services for unqualified workers.

The Community Child Care Co-operative suggested that, for preschool and LDC educators leaving the ECEC sector, alternative employment options might include retail, aged care and other types of employment in the broader health sector.

Children's services report a high turnover of untrained staff members who can earn higher wages in untrained jobs in areas such as retail, or even in other care areas such as aged care, and the health sector without the responsibility of a child carer's job. (sub. 53, p. 9)

Gowrie Victoria stated that higher wages in the retail industry have affected student enrolment in Children's Services courses.

Potential students have chosen not to proceed with an early childhood course because they receive a higher level of pay from working in retail. (sub. 41, p. 7)

### *Award wages for educators*

The Children's Services Modern Award 2010 covers persons with certificate III or diploma qualifications working in preschool, LDC and OC settings.<sup>5</sup> The award has been in place since 1 January 2010 and is intended to provide a 'safety net' minimum wage. Transition arrangements are in place to migrate states (such as New South Wales) where the state award minimum wages were higher than the modern award minimum, to the modern award, by 1 July 2014. These arrangements include the condition that no current employee receives a reduction in their take-home pay as a result of the change.

The modern award minimum wage for qualified educators working in preschool, LDC and OC is comparable to those in other human services areas (table 5.10). Because the NQS requires all preschool and LDC educators to either have, or be training towards a qualification, the entry level wage effectively becomes a training wage. The Children's Services Award entry level wage is \$15.86 per hour. This is slightly lower than the entry level award wage in other human services industries such as aged care and social services. However, the award wages for educators with

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<sup>5</sup> The Western Australian Government has chosen not to join the national workplace relations system, so sole traders, partnerships, other unincorporated entities and non-trading corporations in Western Australia remain in the state award system (FWA 2010).

certificate III and diploma qualifications are comparable with those available across the human services sector, with wages equivalent to \$686 and \$808 respectively for a 38 hour full-time work week.

**Table 5.10 Modern award minimum wage**

	<i>Children's Services</i>	<i>Aged Care</i>	<i>Social and community services</i>	<i>Home carer</i>
	\$/hour	\$/hour	\$/hour	\$/hour
No formal qualification	15.86	16.49	16.89	16.69
Certificate III	18.06	18.06	18.05	18.05
Diploma	21.27	20.03	19.70	21.12

*Sources:* Aged Care Award 2010; Children's Services Award 2010; Social, Community, Home Care and Disability Services Industry Award 2010.

#### *Average wages for educators*

Award wages are common among ECEC educators (chapter 4). United Voice, the union for children's services educators, submitted that award wages dominate as the actual rates paid by employers in the ECEC sector (sub. 55). However, a number of service operators reported that they pay above award wages to staff (Community Child Care, sub. 63). With the exception of preschool services operating in the school system, wages paid to educators in preschools and LDC services are likely to be at the award level, or marginally above.

Educators employed in state government-managed preschools generally receive higher wages than educators employed elsewhere. For instance, in Western Australia, the Education Assistants (Government) General Agreement 2010 sets the minimum hourly wage for an educator employed as an education assistant in government-managed preschool at \$19.75. Similarly, the minimum wage for an individual employed as a teacher aide in a Tasmanian government-managed preschool is \$20.51 per hour (DoE Tasmania 2011). Wages for educators employed by local governments may also be above award (Australian Services Union, sub. DR213).

Comparing the average hourly earnings of education aides (including preschool educators) to LDC and OC educators indicates the extent of the wage division. In 2010, the average hourly ordinary time earnings for LDC and OC educators was 18 per cent lower than the average hourly earnings for education aides, including preschool educators (table 5.11). Wages for education aides compared favourably with the average hourly earnings for personal carers and assistants.

**Table 5.11 Average ordinary time hourly earnings of non-managerial staff with a certificate II or III in selected occupations, 2010<sup>a</sup>**

<i>Occupation</i>	<i>Average earnings</i>
	\$/hour
Child carers (including LDC and OC educators)	20.10
Education aides (including preschool educators)	24.50
Personal carers and assistants	23.60

<sup>a</sup> Occupation as described in the Australian and New Zealand Standard Classification of Occupations and may include staff without formal qualifications but with comparable experience of at least one year.

Source: ABS (2010d).

### *Responses to the draft report*

The Commission received a number of submissions in response to the draft report noting the low wages paid to educators in preschool, LDC and OC.

Many ECEC professionals are satisfied with their jobs, seeing value in their work as educators and taking pride in their strong relationships with children, parents and colleagues. Yet, educators agree that a stable and lasting career in the sector is made difficult by the low pay and lack of status and recognition in the broader community. (United Voice, sub. DR166, p. 24)

The paperwork, the conditions, the fact we are working in the critical years – the remuneration is inadequate. You can earn more by working in a shop. (Early Childhood Australia (NSW Branch), sub. DR190, p. 10)

Study participants generally suggested that it would be difficult to increase educator wages without additional government support. United Voice suggested that parents should not be expected to fund the cost of wage increases, but that:

To achieve the wage increases for the ECEC workforce above the safety net of the award, supplementary government funding needs to be delivered through an innovative industrial instrument. An effective solution ... should ensure that professional wages can be achieved in a manner which allows for moving beyond ‘safety net’ principles within the modern award to enable professional wages and conditions while also allowing for greater flexibility in the work arrangements that are negotiated between the employer and workers. (sub. DR166, p. 15)

The Commission considers that preschools and LDC services will have to pay higher wages to recruit diploma-qualified educators. Moreover, higher wages will encourage high quality educators to enter, and remain in, the LDC and preschool workforce. For a discussion on government support for educators’ wages, see chapter 11.

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*In order to attract and retain a sufficient number of educators with diploma qualifications to achieve the reforms set out in the National Quality Standard and the National Partnership Agreement on Early Childhood Education, wages for many educators will need to increase, particularly in long day care centres and community- and privately-managed preschools.*

## **5.5 Other issues in preschool, long day care and occasional care labour supply**

### **Status and recognition**

The status and recognition of the preschool, LDC and OC workforce in the community may also have an effect on labour supply. There is a view in the industry that preschool, LDC and OC work is considered low status and this makes recruiting staff more difficult (Griffith University, sub. 30). Australian Community Children's Services submitted that:

... a key underlying issue facing the early childhood education and care sector ... is low status. The low standing of the early childhood education and care workforce impacts on the sector's ability to recruit and retain staff. (sub. 64, p. 1)

Mission Australia considered that the status of the preschool and LDC workforce is unlikely to improve unless their pay increases (sub. 12). In the national ECEC workforce census, only 52 per cent of LDC staff and 48 per cent of preschool staff agreed with the statement 'my job is important to me because it has high status and I receive positive recognition in the community', while 20 per cent of preschool and LDC staff disagreed (DEEWR ndf).

Some submissions reported that the status of preschool work was considered to be higher than that of LDC, particularly by qualified early childhood teachers (Lisa Webster, sub. 4). Kindergarten Parents Victoria noted that:

Many [early childhood education] practitioners have reported their decisions to work in specific early childhood settings have been impacted by pay, conditions and status. For example, a high proportion of ... teachers have indicated that they perceive a higher status working in a standalone sessional kindergarten, rather than working in a long day care service providing a funded kindergarten program. (sub. 72, p. 8)

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## Training and professional development

Preschool, LDC and OC staff might also face difficulties accessing professional development opportunities and this might influence decisions to enter or remain in the ECEC workforce. This is particularly an issue for LDC staff and staff in smaller, stand-alone preschool services who have less access to peer-to-peer discussion. Gr8 START noted that:

[Staff in] ECEC services have continuously busy working conditions due to the nature of work however this means little to no time for professional development opportunities unless undertaken outside of work hours and usually at the cost to the employee. This presents problems in up-skilling the workforce on current and emerging ... regulations ... and maintaining good practice within the workplace. (sub. 54, p. 2)

LDC services and stand-alone preschool services sometimes have difficulty supporting staff professional development due to the cost to the service in getting workers to fill-in for staff who are training, a practice known as backfilling. UnitingCare Children, Young People and Families stated that ‘the major barriers to ECEC staff accessing training and development programs are the costs of backfilling positions and the difficulty of finding suitable staff to stand in for staff attending training’ (sub. 62, p. 18). Chapter 10 contains further discussion of ECEC workforce training.

Staff in community-managed services might face additional challenges accessing professional development (chapters 3 and 10). In such services the employer (often parent volunteers) does not generally have early childhood educational qualifications and might not be well placed to provide mentoring and assist with career development. This contrasts with the school sector where services are administered by professionals with educational qualifications (Kindergarten Parents Victoria, sub. 72).

Services that are able to offer staff professional development opportunities have reported more success in the recruitment and retention of staff. The Benevolent Society, which provides a range of ECEC services in New South Wales and Queensland, reported that:

In ... our Early Years Centre in Queensland, retention of staff has not been difficult. This is believed to be due to a number of factors including: increased opportunities arising from the integrated nature of the service for professional development, the ability to be creative and innovative in the work environment, as well as a family friendly work environment with maternity leave, flexible work hours and part time employment, which are important in a predominately female workforce. All these factors contribute to staff feeling valued. (sub. 49, p. 16)

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## Variation within jurisdictions

Within jurisdictions, qualified early childhood teachers and educators are likely to be more difficult to recruit in rural, remote and disadvantaged areas, and in Indigenous communities (DEEWR, sub. 86). The NSW Children's Services Forum reported that:

Many early education and care services report difficulties in finding suitable qualified staff in NSW. In particular, early childhood university qualified teachers are very difficult to find or retain despite the number of new graduates each year. Disadvantaged areas as well as rural and regional locations have even greater challenges in attracting qualified staff. (sub 23, pp. 6–7)

Likewise, the Western Australian Department of Education submitted that:

The ramifications of this reform agenda for the workforce in all jurisdictions are significant and will place increased demand for qualified and skilled early childhood education and care personnel, who are currently difficult to source in hard-to-staff locations. (sub. 44, p. 4)

Chapter 9 provides further discussion of the rural and remote ECEC workforce and chapter 14 covers the workforce for Indigenous ECEC services.

## Regulatory burden

Preschool and LDC staff who feel overburdened by regulation might leave the workforce, further reducing the supply of qualified early childhood teachers and educators (Child Care National Association, sub. 60). Some preschool and LDC staff submitted that they are spending an excessive amount of time dealing with regulations and this is reducing their enjoyment of the job.

With the continued 'hands on' implementation of the current National Early Years Framework, I have observed and experienced that more is being expected of Early Childhood Teachers and Educators in the form of documentation, the implementation and documentation of [occupational health and safety] strategies, the National Quality Standards, the Modern awards enterprise agreement processes, the expectation of outside of work hours training, the creation of centre tailored policies, extra curricula activities ... all of which have an impact on the Early Childhood workforce. (Susan Sorensen, sub. 1, p. 1)

The Queensland Catholic Education Commission commented that:

The constant burden of regulations imposed on the ECEC sector has been the cause of many ECD workers leaving the profession. ECD workers feel that the bureaucracy, 'paper trail' and 'red tape' is continually increasing, making less time available for meaningful interactions with the children in their care. (sub. 13, p. 4)

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The NQS changes how LDC services are regulated, and this might have some influence on the retention of qualified teachers and educators depending on whether the overall burden rises or falls. Submissions were mixed as to whether this was likely to be the case. The Department for Communities (WA) considered that the COAG ECEC reforms would reduce the regulatory burden on LDC staff (sub. 59). Likewise, the Queensland Government submitted that the ‘duplication which pervades the current system [of ECEC regulation] will be eliminated’ (sub. DR88, p. 11). However, this view was not shared by LDC centre operator GoodStart Childcare, which felt that LDC staff would see little overall change in the level of regulatory burden (sub. 34).

Although the NQS might reduce the regulatory burden for LDC, this must be balanced against the increase in regulatory burden on preschool services (COAG 2009h). See chapter 3 for further details of the changing regulatory regime in ECEC.