

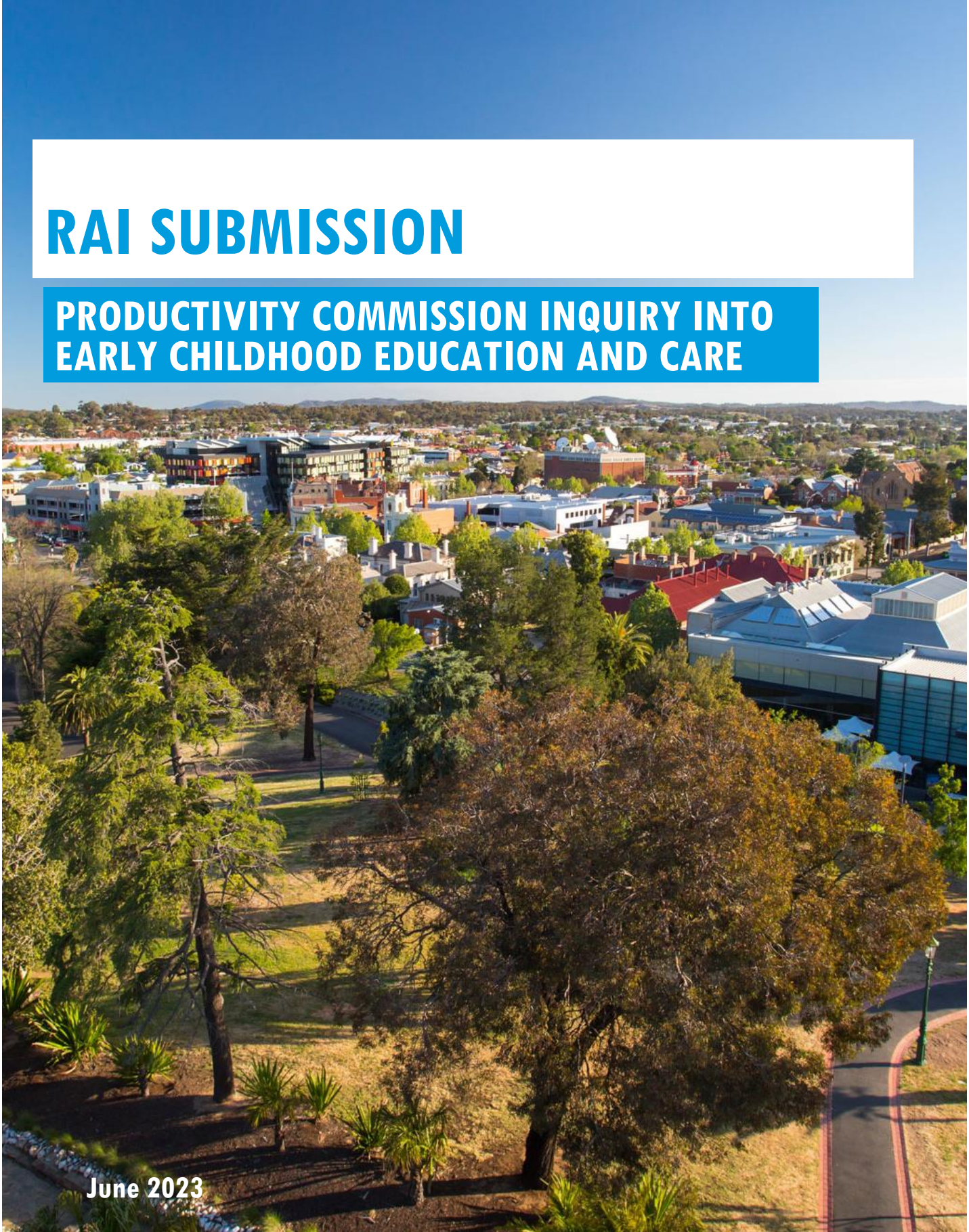


**REGIONAL  
AUSTRALIA  
INSTITUTE**

# **RAI SUBMISSION**

**PRODUCTIVITY COMMISSION INQUIRY INTO  
EARLY CHILDHOOD EDUCATION AND CARE**

**June 2023**



## **ABOUT THE REGIONAL AUSTRALIA INSTITUTE**

The RAI is as Australia's only independent think-tank dedicated to research and activation to inform regional policy and investment.

Established in 2011, for more than a decade the Institute has been researching topics relevant to the prosperity and success of regional Australia including migration and population; regional employment; jobs and skills; population; housing and health.

The RAI exists so that decision-makers at all levels of government, industry and community have the information they need to ensure the best outcomes for regional Australia.

'Regional' is defined by the RAI as all areas of Australia outside the major capital cities of Sydney, Melbourne, Brisbane, Perth, Adelaide and Canberra.

**Our purpose is to empower regions to thrive.**

## **DISCLAIMER AND COPYRIGHT**

This submission draws on RAI research and findings from its work across Australia. It's intended to inform the Productivity Commission Inquiry as it pertains to regional Australia. No responsibility is accepted by RAI Limited, its Board or its funders for the accuracy of the advice provided or for the quality of advice or decisions made by others based on the information presented in this publication.

## **CONTACTS AND FURTHER INFORMATION**

Kim Houghton - Chief Economist

Further information can be found at [www.regionalaustralia.org.au](http://www.regionalaustralia.org.au)



To the Commissioner

The Regional Australia Institute (the RAI) is pleased to provide the Productivity Commission with this submission in relation to the early childhood education and care sector (ECEC) in Australia.

## ABOUT THE RAI

The RAI is as Australia's only independent think-tank dedicated to research and activation to inform regional policy and investment. The RAI was established by the Gillard Labor Government in 2011, under the auspice of the then Minister for Regional Development, the Hon Simon Crean. Prime Minister Gillard and Minister Crean recognised the need for independent research to guide regional policy and investment into the future.

## OUR MEMBERS

The RAI has an extensive network of businesses and organisations through its membership: The Regional Australia Council: (a cohort of leading corporate entities with a footprint in and a commitment to regional Australia) and the Regional Activators Alliance: (more than 30 local government organisations, RDAs and economic development associations).

These membership networks provide the RAI with a unique, 'lived' understanding and experience of the issues impacting regional Australia.

## THE REGIONALISATION AMBITION 2032

Based on more than a decade of research into the most important issues influencing the regions, in 2022 RAI launched the [\*Regionalisation Ambition 2032 - A Framework to Rebalance the Nation\*](#) (the Ambition).

Designed for all levels of government, industry and the community, the Ambition seeks more balanced growth across our nation's regional communities and capital cities. The Framework underpinning the Ambition outlines cross-cutting themes and five pillars each of which are interlinked and equally important. Across each pillar the RAI has outlined targets, actions and benefits that will contribute to building prosperous regional communities, and a stronger Australia. Not only is regionalisation a sound strategy for strengthening Australia's economy, but it is also a broader national strategy for shaping a stronger future for our country's wellbeing and living standards, our resilience to economic shocks and natural disasters, and our capacity to manage a changing demographic.

## RAI RESEARCH

The RAI has recently undertaken two reports relevant to this inquiry - both of which have been attached to this submission.

### REGIONAL JOBS 2022: THE BIG SKILLS CHALLENGE

Regional Jobs 2022: The Big Skills Challenge (the Report), is based on analysis of the Internet Vacancy Index (IVI), which provides a consistent monthly data series on the number of job advertisements on the major job internet boards in Australia.

In 2022, the labour market in regional Australia grew faster than in metropolitan areas, continuing a decade-long trend. RAI analysis of December 2022 job vacancy data shows regional vacancies increased by 10% year on year, compared to a metropolitan increase of 3%. Comparing these vacancy growth rates over five and ten years shows that this is an acceleration of a long-run phenomenon of regional vacancies growing at nearly twice the rate of metropolitan areas.

The report identified the top four most in-demand online advertised roles across regional Australia for December. These were:

- Medical Practitioners and Nurses – 6,166
- General Inquiry Clerks, Call Centre Workers and Receptionists – 5,941
- Carers and Aides – 5,416
- Sales Assistants and Salespersons – 4,527

Carers and Aides are the most in-demand role for seven of the 30 regions IVI areas. Vacancies in these roles have risen more than 180% since 2017, just two years after the commencement of the National Disability Insurance Scheme (NDIS). This category also takes in childcare workers, as well as educational aides. Carers and Aides vacancies in regions grew by 22% from December 2021 to 2022, and by a significant 321% over the last decade.

While Education Professionals (which include Early Childhood Education Teachers) vacancies fell outside the top 10 for total vacancies, this group experienced the third highest year on year growth with a 35% jump, totalling twice the number of vacancies advertised at the same time five years ago.

Role	Regional				Metro			
	Dec vacancies	Compared to Dec 21	Compared to Dec 17	Compared to Dec 2012	Dec vacancies	Compared to Dec 21	Compared to Dec 17	Compared to Dec 2012
Carers and Aides	5,416	+22% +966	+184% +3,507	+321% +4,129	8,476	+21% +1,450	+106% +4,353	+198% +5,631

Long-term structural economic changes continue to favour the expansion of labour-intensive service industries like health, allied health, education, community services, aged care and childcare. However, factors such as childcare constraints are also impacting on regions' ability to fill roles with people outside of the regions. Despite rising populations in regions, the number of homes approved for construction declined in five of the last 10 years between 2010 and 2020. In 2022, more than 3.7 million regional Australians lived in a childcare desert. The perception that many parts of regional Australia lack adequate childcare is inhibiting the flow of workers into these regions, including those with high vacancy rates.

Using a simple IVA per person metric, it is estimated that filling the 22,050 positions advertised in December 2022 in regional Australia in the top four occupational groups would create an immediate \$1.24bn in economic activity. In addition, these roles represent a total of \$1.76bn in direct wages paid to residents of regional Australia. Along with the population growth resulting from migration to regional Australia, this initial economic stimulus \$1.24bn in IVA would increase productivity growth and Australia's GDP.

When examining the economic contribution of filling these vacancies, sizable variances appear in the direct economic contribution. For example, whilst the care economy provides comparatively little direct economic activity when measured through traditional indicators, it is important to consider its important role in enabling the workforce. Given the typical ratio of one daycare educator to seven children, the estimated 1,670 advertised child carer roles in regional Australia can potentially enable 11,690 parents/guardians to participate in the workforce (or increase their existing level of workforce participation such as moving from part-time to full-time work). These 11,690 jobs enabled by childcare represent \$1.10bn in wages to regional residents, and a further \$1.00bn in IVA (assuming the 11,690 parents/guardians now able to enter the workforce work in one of the top 10 jobs with high vacancy rates).

#### MARANOA AND WESTERN DOWNS CHILDCARE STUDY

The Maranoa and Western Downs Childcare Study (the Study), funded by Origin Energy as Upstream Operator of Australia Pacific LNG, focused on accessibility, availability, affordability and quality of

childcare and its impact on workforce participation, liveability, population attraction and retention of staff in the Maranoa and Western Downs Local Government Areas (LGAs) of South-West Queensland.

While the Study is only focused on two LGAs, it highlights number of key points relevant to the broader ECEC sector in Australia, particularly regional Australia.

This study identified that the childcare in the Maranoa and Western Downs is a complex arrangement of services operating in thin markets. The markets within these two LGAs can therefore be categorised into three typologies (see figure below).

Understanding the provision of childcare from this perspective helps to identify the demand and supply themes more accurately in each place, and more specifically address them. Whilst it is acknowledged that a place is more likely to address some of these issues from a local government or regional perspective, the application of typologies allows these issues and recommendations to be applicable across different regions. Further, a recommendation addressing the needs of Limited Care towns will not necessarily be appropriate or effective in Established Care towns and so forth, but a region or LGA may still require actions that support all three typologies.

 <p><b>LIMITED CARE</b></p>	 <p><b>COMBINED CARE</b></p>	 <p><b>ESTABLISHED CARE</b></p>
<p>Bell, Jandowae, Wandoan, Condamine, Drillham, Dulacca, Glen Morgan</p>	<p>Tara, Injune, Mitchell, Surat</p>	<p>Roma, Chinchilla, Miles, Dalby</p>

Limited Care towns are characterised by a lack of any centre-based long day care but may have a kindergarten and/or family day care. They have small populations and are often within proximity to a larger centre, distance to which is often too close to allow for further service development in Limited Care towns but too far to allow for easy access for families.

Established kindergartens represent an opportunity to increase the scope of services in a town to provide long day care. However, they will need support to achieve this. There also needs to be a focus on increasing family day care options.

Combined Care towns are those with a kindergarten and long day care combined service. These places generally appear to have some availability in their services. They have the infrastructure for a long day care centre and kindergarten, but often have issues with managing demand peaks and troughs which can affect viability.

It is important to maintain these services and infrastructure as they are difficult to replace if lost. There also needs to be a focus on increasing family day care options to support child-care provision in these places.

Established Care towns have a mix of centre-based long day care, kindergartens and family day care options operating in the market. This reflects the active childcare market – they are larger places and appear to have significant demand on childcare services, constrained by staff shortages and/or physical space limitations.

<p><b>KEY NEED</b></p>	<p><b>KEY NEED</b></p>	<p><b>KEY NEED</b></p>
<p>Support to transition to long day care and develop more family day care</p>	<p>Support to maintain services and develop more family day care</p>	<p>Support to staff and grow services to meet market demand</p>

The Regional Jobs Report has highlighted the significant demand for Carers and Aides across regional Australia and this Study found a similar story in the Toowoomba and South-west Queensland IV region (in which Maranoa and Western Downs are located). Workforce is a significant challenge for the ECEC industry and for regional Australia as well. As such, and rightly so, there has been growing emphasis on

both attracting workers to regions and a need for the regions to be able to *grow their own* through local learning systems.

However, this Study also highlights an important and often overlooked factor – the latent workforce – that is those already in region who have the skills and qualification for ECEC roles, but who have disengaged from the sector. 2021 Census data indicates that across this region there are currently 503 people with qualifications in Teacher Education: Early Childhood and Children’s Services. Importantly this data indicates that for every person employed in the childcare industry in the Maranoa and Western Downs, there appears to be 1.8 people qualified to do so. It is acknowledged that a number of these people would be working in the education systems in the Maranoa and Western Downs and that a small proportion are outside of the working age group, however, this still highlights a potential latent and local workforce in the region that could be tapped into. This presents an opportunity to support the sector through workforce reengagement.

The RAI would be pleased to provide any further information on these reports, or other RAI research as required, to the Commission.

Kind regards

Dr Kim Houghton  
Chief Economist RAI  
2 June 2023



**REGIONAL  
AUSTRALIA**  
INSTITUTE

**Phone:**

**Email:** [info@regionalaustralia.org.au](mailto:info@regionalaustralia.org.au)

**Address:** Level 2/53 Blackall St, Barton ACT 2600

**LinkedIn:** [@Regional-Australia-Institute](#)

**Facebook:** [@RegionalAus](#)

**Instagram:** [@RegionalAus](#)

**Twitter:** [@RegionalAus](#)

**Rebalance The Nation Website:** <https://rebalancethenation.com.au/>