



UNITED
WORKERS UNION



***UWU Submission in Response to
Productivity Commission Draft
Report: A path to universal early
childhood education and care***



Acknowledgement of Country

We acknowledge and respect the continuing spirit, culture, and contribution of Traditional Custodians on the lands where we work, and pay respects to Elders, past and present. We extend our respects to Traditional Custodians of all the places that United Workers Union members live and work around the country.

About United Workers Union

United Workers Union (UWU) is a powerful union with 150,000 workers across the country from more than 45 industries and all walks of life, standing together to make a difference. Our work reaches millions of people every single day of their lives. We feed you, educate you, provide care for you, keep your communities safe and get you the goods you need. Without us, everything stops. We are proud of the work we do—our paramedic members work around the clock to save lives; early childhood educators are shaping the future of the nation one child at a time; supermarket logistics members pack food for your local supermarket and farms workers put food on Australian dinner tables; hospitality members serve you a drink on your night off; aged care members provide quality care for our elderly and cleaning and security members ensure the spaces you work, travel and educate yourself in are safe and clean.

Introduction

“Early Education provides the foundation for our children’s learning. Our children are our future. We need to support that! Our whole community relies on ECEC to function. Doctors, nurses, corporates, teachers, shop assistants.... where would our community stand without ECEC? Our Educators simply cannot survive on minimum wage. We see good, invested Educators leaving the sector every day and we are expecting more to follow.”

- NSW Educator

“... it worries me that experienced, qualified staff are constantly leaving the sector for better paid positions. This lack of consistency is not good for children and families, and it is not good for centre morale.”

- Centre Director

Early childhood educators work every day in a system which is complicated, expensive and puts profits above the wellbeing of children, educators, and families. Educators perform complex, skilled work in a highly regulated sector, but the harsh reality is that many educators must take on second jobs to make ends meet and can't afford to stay. Low pay in the early childhood education and care (ECEC) sector reinforces educators feeling undervalued and leads to *“their work being viewed not as a long-term career path but as a temporary employment solution”*.¹ Pay is at the centre of a cycle that increases turnover rates, placing further stress on educators remaining in the sector.

In our initial submission to the Productivity Commission in June 2023, we drew attention to the workforce crisis in ECEC. Since then, the workforce crisis has only worsened. In August 2023, UWU members launched a Crisis Tracker to quantify the depth of the workforce crisis. 95% of centres had had staff leave in the 12 months prior to the survey, and 78% had more than 3 staff leave. Almost 1 in 4 centres (24%) were using agency staff every day to meet legal minimum ratios. Most educators (64%) agreed staff shortages were impacting the well-being or safety of children. The presence of educator-child relationships that are stable, sensitive, and ongoing is a key indicator of high quality ECEC, and this occurs in long day care (LDC) from the moment children come through the door, at 6-weeks-old and onwards. The workforce crisis disrupts children emotionally as well as impacting their early learning, whereas strong educator-child relationships lead to better emotional regulation in children, as well as improved task attentiveness.² The workforce crisis is having a direct impact on the quality of education and care, and its effects are felt enormously by the educators still in the sector.

UWU members raised the alarm but now multiple inquiries, including the Productivity Commission itself, have recognised that the workforce crisis is having a significant impact on availability of services, with services delaying expansion plans, closing rooms, and limiting enrolments as they are unable to find qualified staff. There is an imperative to act immediately to address the workforce crisis, for the educator with over a decade of experience who is about to leave because she can't afford her rent, for the children who will lose the connection they've had with her since they started, and for the parents who have been waiting over an year to find a spot but can't because places are capped. Despite this, the Productivity Commission has failed in its Draft Report to recommend the most urgent change needed to address the workforce crisis: that the Federal Government should immediately fund a 25% wage increase, with funding tied to a negotiated and enforceable industrial instrument to ensure it goes directly to educators. UWU educators strongly urge the Commission to make this recommendation in its final report. Without action on wages, experienced and dedicated educators will continue to leave the sector, and there is no ECEC without educators.

In its Draft Report, the Commission outlined a vision for ECEC that would see up to 30 hours or three days a week of quality ECEC available to all children aged 0–5 years. The Commission explores several different models for ensuring universal access including through supply-side subsidies in “thin markets”, competitive tendering, the creation of a new ECEC commission to oversee the process and a greater role for the government in market “stewardship”. These options may appear attractive, as they provide an opportunity for the government to better shape or “lead” the market. But leading the market is not good enough when it comes to essential services such as ECEC. Stewardship involves the government trying to exert control over other organisations through various complicated and convoluted methods. This can be expensive, and require high levels of compliance, monitoring, and auditing. Even then, the public can't be entirely sure that the money is being used as intended.

Private-for-profit providers in ECEC have already demonstrated that they can't be trusted to deliver the high-quality ECEC that the community expects. These providers have prioritised profit over investing in their workforce,³ are more likely than other types of providers to be operating with a staffing waiver,⁴ and overall deliver lower quality ECEC *as well as* being overrepresented in safety breaches and enforcement actions.⁵ They spend less on education in comparison to not-for-profit providers – whilst richly rewarding shareholders and executives.⁶

UWU members propose an alternative ECEC model that both values the workforce and focuses on delivering high quality ECEC for the benefit of Australian children: a *universal, accessible public* system. Publicly-funded and -run centres are higher quality,^{lii} and make up a greater proportion of centres 'exceeding' ACECQA national standards.^{liii} Public provision would enable the Federal Government to take a direct role in addressing the workforce crisis, and through direct employment of workers, the government could ensure that the ECEC workforce receive the wages, conditions,

training and professional development opportunities they deserve, and that the sector needs to attract and retain workers. Public provision would also allow the government to plan for the sector's future more effectively, including the capacity of the ECEC workforce to meet increasing demand as universal access is implemented.

Public provision is also the answer to the lack of accessible, affordable ECEC. Australian parents are paying almost double the OCED average in fees as a percentage of income and struggling to find enough ECEC due to the workforce crisis in the sector.^v There are not currently enough places in disadvantaged and remote areas, and the places that are on offer tend to be of lower quality.^{vi} Low-income families are paying more out-of-pocket fees as a share of their income than anyone else, a perverse outcome of the Childcare Subsidy (CCS) activity test.^{vii} The sector turns over \$15 billion per year.^{viii} The current market of ECEC has only led to an increasingly inaccessible and inequitable system, despite billions of dollars in government subsidies.

In its 2022 Report 'Economic Benefits of ECEC in Australia', the Australia Institute pointed out that all forms of ECEC 'are subsidised through public financial support delivered to both parents and to ECEC providers'.⁷

But private provision of ECEC has different economic impacts than public or NFP [Not for Profit] provision. This is because private, for-profit ECEC must include a margin for financial return to the owners of the firm delivering the service. This profit diverts resources away from direct service provision; it also distorts incentives for ECEC providers, encouraging them to sacrifice quality and cut corners in order to maximise financial returns for the owners. In contrast, public and NFP providers retain all revenues within the service; these funds are used mostly to increase employment levels. Therefore, each additional dollar of spending on NFP and government-provided ECEC generates more ECEC service provision and employment than is the case with FP [For Profit] providers – since there is no diversion of finances into profit margins for investors and owners. This supports additional service delivery, employment, and GDP.

Given the clear failures of the market approach highlighted by the Draft Report, its call for government to merely provide 'stewardship' for the sector is manifestly inadequate. Government must take responsibility for early childhood education and become *the* public provider for ECEC in Australia. This would bring both accountability and a practical path forward for universal access.

UWU members reiterate and update the recommendations they made in their initial submission to the Commission:

1. A world-class, high-quality early learning education system is a public and universal one that directly employs and professionally pays educators. Governments must aim higher than a 'stewardship role' in early learning, they should be central in providing it. Early learning should be the very first stage of the public education system in Australia. Early childhood educators across the country implore the Productivity Commission to investigate short-, medium- and long-term policy

reforms to realise this vision and then recommend them to Government. The following recommendations are the more urgent policy reforms UWU members agree would make giant strides, not baby steps, towards this vision.

2. The Federal Government should take immediate action to improve educator wages and stop the flow of workers out of the sector. The Federal Government must commit at the bargaining table to fund a much needed 25% wage rise for educators. To ensure the money goes directly to educators, funding must be tied to a negotiated and enforceable industrial instrument.

3. The Federal Government should provide funding for educators to have access to two days per year of paid professional development, including the cost of backfilling those shifts. This is to recognise that a highly skilled workforce is essential in delivering high quality ECEC.

4. The Federal Government should commit to improving working conditions for educators including additional days of personal leave and annual leave per year. Classifications should also reflect the experience, skills and knowledge developed by educators over the course of their career in ECEC.

5. The Federal Government must develop and implement new policy levers to ensure public accountability and transparency of ECEC funding more broadly, with a focus on tighter regulation of large for-profit providers. Funding structures must replicate those in the school system, where all profits made are directed back into improving early learning.

6. The Inclusion Support Program funding model should be reformed, to ensure that enough funding is allocated to ensure children's needs are fully met, including increasing the wage subsidy to fully cover the wages of any additional educators required. In addition, reform should be made to allow proactive funding to be provided to a room in centre-based day care (CBDC), thereby removing burdensome, time-consuming individual applications and increasing the capacity of services to provide inclusion support to all children that need it.

7. State and Federal Governments in all jurisdictions must develop and trial publicly run, fit-for purpose long day care (LDC) centres that directly employ educators as a first shift towards public early learning provision. Where possible, these centres should be co-located with schools, and initially targeted in low socio-economic areas.

Educators share their first-hand accounts of the ongoing workforce crisis in ECEC

In August 2023, UWU members launched a Crisis Tracker to map how the ongoing staffing crisis in the sector is affecting educators, families, and children. Close to 1000 centres from across the country provided eye-opening and often shocking details about staff vacancies, workloads, and pressures on staff, wait times for families and the lengths that services are being forced to go to in the face of the worst staffing crisis the sector has ever seen. The results of the Crisis Tracker show that, despite millions of dollars in additional Federal Government subsidies to make early education more affordable for families, the crisis has only deepened. Educators continue to leave the sector because they simply cannot afford to stay due to low wages, horrific workloads, and a genuine concern that the well-being and safety of children is at risk due to the conditions in the sector.

The Crisis Tracker survey results showed:

- 95% of centres have had staff leave in the past 12 months and, of those, 78% have had more than 3 educators leave.
- 91% have current staff vacancies and, of those, 50% have 3 or more current vacancies.
- 80% have had staff vacancies open for longer than 3 months, and 35% have had vacancies open for 12 months or longer.
- 40% reported having to cap child enrolments, meaning that they are unable to accept the number of children they are licensed for, due to staffing constraints.
- 24% of centres reported that in order to meet legal minimum ratios they were using agency staff daily, and a further 13% on a weekly basis.
- Conversely, respondents from centres in regional or rural areas reported a lack of access to agency staff.
- When agency staff are not available, centres are forced to take other measures, such as closing early, turning children away, partially closing their centre or combining different age groups or “shuffling children around the rooms” in an attempt to meet supervision requirements and ratios.

Educators responded to the survey with their own stories. One WA educator said *“Inconsistent staffing leads to new or agency staff not knowing children’s routines, allergies, policies and procedures. This can lead to supervision incidents and safety concerns around meal times, rituals and routines.”*

Another educator from Tasmania commented on the impact on educational programs: *“Constant staff changes lead to very disrupted educational programs, how can children feel comfortable enough to learn when they are constantly having to get to know new educators every few months[?]”*

This has created enormously stressful working environments for educators. *“Around 9 or 10 staff have resigned or dropped their permanent role to become casual in an attempt to manage the stress, educators working unpaid overtime, taking work home, coming in on weekends to do extra jobs, no support available as everyone is burnt out and struggling to keep up with everything, personally feeling very close to needing to resign or take an extended mental health break.”* – NSW educator.

Low wages are continuing to drive educators out of the sector

Educators perform complex, skilled work in a highly regulated sector, yet receive low pay in one of the most female dominated occupations in Australia. Increasing workloads have led to educators burning out and feeling undervalued. As stated earlier, the Commission itself acknowledges workforce challenges affect the availability of ECEC, and that there are an estimated 16,000 unavailable ECECC places as a result. Yet the Commission has failed abysmally to make a strong recommendation on wages that would alleviate the workforce crisis.

The most recent ACECQA waiver data from October 2023 shows that staffing waivers across the country – but particularly in regional areas – have reached alarming highs. Almost 1 in 5 long day care (LDC) services nationally are currently operating with a staffing waiver (17%).⁸ Low wages, an ongoing legacy of the historic undervaluing of ‘care work’, is a significant contributing factor for educators leaving the sector, despite the passion felt for early childhood education held by many educators. Occupations in ECEC are some of the most gender segregated and low paid workforces in the economy.⁹ For low weekly earnings¹⁰ educators face “demands of documentation, monitoring, assessment, keeping abreast of policy, time pressure, inadequate pay and lack of pay parity across teaching contexts, lack of recognition, challenging behaviours and increasingly complex needs of children.”¹¹ Educators’ repeated calls for policy measures that will address the workforce crisis, including better wages and conditions, have yet to be answered.

Educators have been ignored and undervalued, and whilst this is evident in the low wages, it has also meant that their workload has increased – whilst becoming more complex in a highly regulated sector – without appropriate support. We are pleased therefore that the Draft Report at least supports the proposition that:

Addressing workforce issues will be fundamental to achieving universal availability.

And goes onto say that:

Expanding the availability of ECEC will require governments to prioritise the workforce challenges facing the sector.

This has been the consistent message of UWU members over many years to governments at both the state and national levels. As one member from the ACT put it to us:

“Take the educators job seriously and pay them more so as to keep them in the [sector]. Educators deserve better pay and treatment, we are doing one of the most important jobs for the nation, which is raising the leaders for the next generation”.

UWU members are therefore concerned that the Commission’s limited conceptions of ‘workforce issues’ and ‘challenges’ are insufficient address what our members tell is the fundamental reason for the ECEC workforce crisis: low wages.

To put it bluntly: while low wages are not the *only* problem in the ECEC sector, nothing else in the sector will be fixed without increasing the wages of the educators without whom there is no ECEC sector at all. The Draft Report's constant framing of 'labour' as the 'biggest driver of costs' in the sector erases the fundamental truth that the workers *are* the ECEC sector. The Draft Report's own evidence about the difficulties of maintaining services in the absence of an experienced skilled workforce should be proof enough of that.

But instead of supporting the most concrete proposal on the table to improve wages – specifically for Federal Government to commit at the bargaining table to fund a much needed 25% wage rise for educators – the Commission limited itself to the blandly obvious observation that:

The pay and conditions offered to the ECEC workforce – which are critical for recruitment and retention – may be improved through processes arising out of recent changes to the Fair Work Act.

This passive attitude on the Commission's part was further reinforced by language that refers the decision on whether to increase wage back onto government, with so-called 'findings' such as:

It is a decision for governments whether funding a wage increase for ECEC workers is a priority use of public funds.

Such buck passing raises the question of why the government should have bothered asking the Commission for advice on the sector in the first place. It also sharply contrasts with the Commission's willingness to make recommendations on other policies that direct the use of public funds *to providers* such as the 'Australian Government should raise the hourly rate cap for ECEC delivered during non-standard hours' (draft recommendation 7.3), and that 'the hourly rate cap should be indexed at a rate that best reflects changes in the costs of provision such as wage indices or CPI' (draft recommendation 6.2).

Recommend a pay increase that meets the needs of children and educators in the sector

The Draft Report states that:

the ECEC sector, and those who work in it, help to deliver important economic and social outcomes around childhood development and workforce participation. If there are too few workers in the sector – or those who work in the sector do not have the necessary skills and experience – then these outcomes will not be realised to their fullest extent.

And goes onto conclude that:

These reasons point to a rationale and a need for governments to play a more active role in developing the workforce for the ECEC sector than they might have for many other sectors or industries in the economy.

However, as we mentioned earlier in this submission, having established the need for more workers to enter the sector, the report restricts itself to a vague observation about how the industrial relations system works now and may work in the future.

This is not good enough, particularly when there is a proposal on the table right now for the Federal Government to take immediate action to improve educator wages and stop the flow of workers out of the sector. UWU members call on the Federal Government commit at the bargaining table to fund a much needed 25% wage rise for educators.

Better outcomes on pay are more likely to see skilled and experienced educators staying in the sector. As one South Australian worker in the sector told the Crisis Tracker:

“We appreciate the push for renewed workforce through training initiatives, however retention is a huge issue. Until we solve the problem of poor wages and conditions, we will have exceptional educators leave the profession in order to find work that better supports their families, which I have seen time and time again. We drastically need better funded wages for existing educators, not just new ones!”

The changes to the Fair Work system alluded to by the Commission include the introduction of the supported bargaining stream. Bargaining is now underway, with the Fair Work Commission (FWC) making a supported bargaining authorisation in September 2023. Unions, employers, educators, and peak bodies have been meeting regularly since Friday 27 October 2023. The sense of urgency across the sector is clear – unions, employers, educators, and peak bodies all agree – we need to address the workforce crisis now, before yet another worker exodus.

Without a clear public commitment from the Federal Government to fund a 25% wage increase through supported bargaining, more educators will leave the sector. The Commission should recommend that government commits to fund the sector for such a wage increase. Unfortunately, the Draft Report contents itself with the very passive finding at 3.1: ‘Expected wage increases may relieve recruitment and retention challenges’, but:

... in undertaking action, governments need to be mindful that any attempts to build the ECEC workforce can also impose costs on the community. One way costs may manifest is when governments spend resources on initiatives to grow the ECEC workforce that could be spent elsewhere. But more subtly, costs can also arise when government actions to grow the ECEC workforce entice workers to come to the sector from other parts of the economy where they may be needed more. The risk of these costs is particularly heightened in times when there is limited spare capacity in the labour market – something that is the case at the moment. If these costs are large (relative to the benefits of having more ECEC workers), they can impose a net cost on the community.

UWU members in ECEC strongly contend that early education is a core community service that deserves far more public support and funding than it is currently getting. It deals with the protection and education of the most vulnerable members of our society – children – and is integral to building a socially cohesive Australia. If they did not believe this, they would not be continuing to work in a sector that is as low paid, under-supported, and all too often unsafe.

The Commission's suggestion that public funds spent on ECEC should be judged as a 'cost imposed' on the community is a misapplication of the principle of opportunity cost. Economist John Quiggin sums it up as follows:

The opportunity cost of anything of value is what you must give up so you can have it.

Quiggin points out that while market prices are usually taken to reflect and determine opportunity costs faced by producers and consumers, they cannot reflect *all* the opportunity costs we face as a society.¹²

Therefore, the proper way to consider the opportunity cost of fully funding a wage increase for the ECEC sector is to consider the cost of *not* funding such an increase. If ECEC wages continue to lag those other occupations, it will be impossible to attract enough staff to bring the quality of early childhood education up to what we need. Without quality ECEC we are faced with a situation in which society has lost an opportunity to build social cohesion, and ensure the next generation gets the best start in life.

This is no abstract issue. The ACECQA 'Starting Blocks' website notes that '90% of a child's brain develops by the time they're 5 years old'.¹³ So it is concerning to see a study by psychology researchers Dr Amelia Shay and Cen Wang (published prior to the COVID Pandemic) which found that¹⁴

... at the ages of six to seven, which is just after the time children start school, 14% of Australian children had noticeably high levels of emotional problems. Emotional problems generally refer to depressive and anxiety symptoms, somatic (physical) complaints such as headaches, and withdrawn behaviours.

The Australian Early Development Census National Report 2021 (produced by the Commonwealth Department of Education, Skills, and Employment) shows that, while most Australian children are 'developmentally on track', there is still:¹⁵

a small but significant increase in the percentage of children who were 'developmentally vulnerable'. In 2021, the percentage of children developmentally vulnerable on one or more domain(s) increased from 21.7 per cent in 2018 to 22.0 per cent in 2021. The percentage of children who were developmentally vulnerable on two or more domains also increased from 11.0 per cent in 2018 to 11.4 per cent in 2021.

A society with an underfunded and neglected ECEC sector will be a more unequal one for both educational and economic outcomes. That will be the cost imposed on the community by the failure to fully fund the wages of ECEC workers.

Hours of work must take into account educators' own caring responsibilities

The Draft Report makes the following recommendation (Draft recommendation 7.4):¹⁶

State, territory and local governments should examine their planning regulations to ensure they do not unnecessarily restrict the ability of services to provide ECEC during non-standard hours.

However, the implications of increasing the operating hours of providers outside of the 'standard' range could have detrimental implications for the attraction and retention of skilled and experienced staff. The current Modern Awards (Children's Services Award 2010, and Educational Services (Teachers) Award 2020) provide for additional remuneration (e.g. penalty rates) for employees working overtime, unsocial, irregular, or unpredictable hours, or working shifts.

If non-standard hours become 'expected' or 'the norm' in ECEC, this will increase pressure from employers in the sector to reduce or eliminate entirely the present system of overtime penalties for hours worked between 6.30pm and 7.30pm, or for late roster changes. This is no idle fear. In the Four Yearly Review of Modern Awards held in 2018, Australian Childcare Alliance (ACA) proposed variations that would have done exactly that. UWU (then United Voice) provided evidence from ECEC staff, including a Centre Manager, that:¹⁷

If the opening hours of our centre were to extend until 7.30pm, then this means the educators would have less time with their families. I already have difficulties trying to find educators who are able to work the shift that ends at 6:30pm. A number of the educators at my centre are single mothers who do not have strong support networks. They have their own children in after school hours care which closes at 6:00pm and we stay open until 6:30pm. A number of the educators at my centre are mums who take children to sporting activities in the afternoon. Extending the opening hours of the centre would impact their caring duties in this respect.

Early educators have their own family commitments which would be adversely impacted if 'non-standard hours' service provision becomes more widespread without appropriate compensation. Given the need to keep existing workers in the sector, and attract new ones, it would be absurd to have a recommendation that makes the sector a *less* attractive place to work.

For training and gaining qualifications to lift ECEC quality, educators must be able to afford professional development

UWU educators agree with the Commission that gaining recognised and high-quality training and other qualifications can be beneficial for professional development. However, in the sector's current circumstances most ECEC workers cannot *afford* to take up new training and qualification opportunities.

While UWU members strongly contend that better quality professional development for educators means better quality education outcomes for children, this can only come to pass if government funds a substantial wage increase for educators that makes it affordable to stay working in the sector and pursue professional development opportunities. Making 'training' theoretically more available but practically unaffordable for educators will simply perpetuate the failing status quo of staff shortages.

The focus thus far on workforce training and qualifications from state and federal governments has been on low fee/free training for entry into the ECEC sector. Training, whether a certificate, diploma, or bachelor's degree, does not alone solve the workforce crisis. Educators must be highly skilled and trained to engage in pedagogy that is specific to young children, but the current wages and conditions do not support educators to remain in the sector and develop their skillset. Working in ECEC does not even support a career pathway that leads to long-term financial stability for women – 84% of educators would struggle with an emergency \$400 payment.¹⁸

The UWU 'Crisis Tracker' reported the following from an educator in South Australia:

"We need better pay and conditions to attract people to our sector and it needs to be funded. We are losing staff to department of education preschool sites, as well as educators who are training to work in aged care and disability because they simply can't afford to stay in the early childhood sector and the demands are immense. The amount of responsibility on the shoulders of educators is, at times, overwhelming and we deserve better recognition."

It is sobering that so many skilled educators are leaving the sector when process quality – developed through ongoing training and professional development – is a key indicator of high quality ECEC. Policies to improve enrolment in training, such as a bachelors or diploma, will not address the gendered segregation of educators and early childhood teachers: low pay is a barrier for men to remain in the sector, and men were found to be more likely to drop out of a Bachelor of Education (Early Childhood Studies) than women.¹⁹ Over a 14-year period, 73% of male students dropped out of an early childhood teaching course compared to 32% of female students.

Effective traineeships and completed qualifications need paid time

Paid professional development (PD) is not an entitlement for educators as per the *Children's Services Award 2010*, despite it being an indicator of high quality ECEC. It has been widely agreed across recent government reviews, inquiries, and a Royal Commission that professional development is an avenue to tackle career progression, encourage mentorship amongst educators, network, and build on knowledge and skills. However, the significant barriers – namely cost and time – are not given serious thought. It is necessary that educators have access to paid time to attend professional development, and that services are funded sufficiently to backfill shifts so that educators can attend.

There needs to be a strong quality lens to address disparities in service quality across the nation

The current Australian situation is that a significant proportion of children miss out on the positive effects of ECEC participation, and these children are disproportionately from low socio-economic backgrounds. Market provision doesn't work for the children who stand to benefit the most from access to ECEC. Government data shows that the number of children accessing preschool through long day care (LDC) is growing whereas attendance through standalone preschool is declining,²⁰ an indication that LDC offers better flexibility for parents in operational hours than preschool. However, there are fewer LDC services in more disadvantaged areas, as for-profit services often choose to operate in areas with greater economic resources, while not-for-profit services often serve socioeconomically disadvantaged areas. As the Mitchell Institute found: *"providers are not only establishing services where there are greater levels of demand, but where they are likely to make greater profits."*²¹

Even when disadvantaged families do get access to services, they are likely to be lower quality, more likely to have staffing waivers and broadly a more casualised and lower paid educator workforce. Disparities between regions will play out as disparities between the states and territories of the Commonwealth. Therefore state, territory, and Commonwealth governments should work together to establish universal public early childhood education and care as the primary objective of ECEC policy, to maximise the delivery of quality services across Australia – no matter where children live.

The recently released ACCC Childcare Inquiry Final Report found that:²²

Households from diverse backgrounds and/or those experiencing vulnerability may experience additional barriers to accessing childcare, including lack of availability of appropriate childcare options, a failure of childcare providers to provide inclusive care for children, or in the case of children with disability and/or complex needs, being turned away by childcare providers. As noted in the Parents and Guardians roundtable, the idea of 'choice' is a misnomer as options are different for each household and they cannot be compared. Often there is no real choice. Potential outcomes and realities for a household are not the same.

In their chapter 'Opening eyes onto inclusion and diversity in early childhood education' (2019), Michelle Turner and Amanda Morgan argue that:²³

Social changes have resulted in the fragmentation of communities, greater demands on parents, and systems that are ill-equipped to cope with the needs of children and families. Social exclusion arises when children suffer from multiple factors that make it difficult for them to participate in society. These factors may include growing up in jobless households, being a member of a minority group or living with a sole parent. This may lead to the child being at risk of living in poverty and being socially isolated.

UWU members share a vision of universal public ECEC – a system in which every child, regardless of how much their parents earn, or how many hours their parents work, or where they live – has access to a world-class early learning education system. Like the public school system, every family should have confidence that their local early learning centre is high-quality, and that educators are respected, employed directly, and professionally paid.

UWU members therefore welcome the Commission’s Draft finding 2.5:

Increased inclusion support funding will be needed for universal access.

The Draft Report also points out that:

In regional and remote Australia, there are many communities with limited or no local services. The number of approved places in ECEC services can be substantially smaller than the number of young children. ... Some services are unable to support Aboriginal and Torres Strait Islander children in a culturally safe way. ... A NSW Productivity Commission survey found that a lack of access to culturally appropriate care was a barrier to ECEC attendance.

UWU agrees with the Commission that Aboriginal Community Controlled Organisations require a sustainable funding model, which recognises their knowledges and expertise to deliver the ECEC priorities of their communities, and further, that the cultural capability of all ECEC services should be improved through publicly funded professional development for staff and better support for services. Any proposed changes to funding for Aboriginal Community Controlled Organisations should involve close consultation with First Nations families and communities.

ECEC can not only create safe learning environments for First Nations children but deliver long-term benefits and address the inequities of health and education their communities face. Consultation and co-design with First Nations people and organisations have featured heavily in recent reforms of ECEC in both Canada and New Zealand. This reinforces the need for a holistic approach to reforming the entire sector (regulation and policy shifts are arguably more effective when it is a predominantly universal public system), and the sector could play a significantly larger role in the public efforts of Closing the Gap and truth telling, as part of a national commitment to the Uluru Statement from the Heart.

Another neglected aspect of inclusion in ECEC concerns refugee and asylum-seeker children, who are often excluded from social service systems. This may be due to situations in which people who have English as a second language have difficulties navigating complex application systems. It is also

the case people such as refugee and humanitarian entrants and non-permanent residents have been ineligible for social assistance that would permit full participation in Australian society. This has often meant that their children are effectively excluded from essential support services.

It is a welcome development that some categories of Temporary Protection type visas are eligible for the Child Care subsidy (e.g. Subclass 786 - Temporary (Humanitarian Concern); and Subclass 790 - Safe Haven Enterprise). However, many such decisions on eligibility and ineligibility are at the whim of government, even individual Federal Ministers. There needs to be consistent and ongoing access to early childhood education for the children of refugees and asylum-seekers if the benefits of ECEC to social inclusion are to be realised.

There is a growing body of research demonstrating the positive effects of universal ECEC participation.^{xvi} Despite this, a significant proportion of children miss out and these children are disproportionately from low socio-economic backgrounds.^{xvii} It is clear that market provision doesn't work for the children who stand to benefit the most from access to ECEC.

Ratios are a key element in quality ECEC

UWU also urges the Commission to take account of the recent evidence gained from a 2023 report on 'Exemplary Early Childhood Educators'. This Queensland University of Technology study found that many of its participating exemplary services were staffed *above* mandatory requirements. This arrangement contributed to overall practice quality, and increased opportunities for educational leadership and mentoring within the service. Despite the current critical shortages of staff, the findings support UWU's position that staffing requirements should not be diluted if quality is to be maintained.²⁴

An UWU Educator speaks out: We are failing vulnerable children

Tamika Hicks is an early childhood educator with over 20 years' experience in the sector. She is currently working as an educator and an early intervention therapy assistant on the Gold Coast. Previously, she owned and operated long day care centres for 12 years. Tamika is deeply concerned about how the current ECEC system is failing some vulnerable and disadvantaged children who need it the most:

To get inclusion funding is extremely difficult and it's not guaranteed to be approved in a timely manner. Even when it is approved it isn't backdated to the start of enrolment when additional support is needed. When funding is set for renewal annually, there are often delays, and services are left with paying for the gap in funding costs until the application gets renewed. The alternative is to reduce the staffing support, which then places added stress on educators and children. The Inclusion Support portal is archaic and inefficient, and this adds stress for administrators and educators. They are already so stressed out and burnt out, this adds to their workload.

Inadequate funding for the Inclusion Support Program (ISP) means children miss out on the complete supports they need. It also means that educators are left scrambling to try and make up for the shortfall in resources, and paperwork requirements are also time consuming. As noted by the Productivity Commission, the ISP is predominantly used as a form of support for children with a disability – (although the aims of the program are intended to be far-reaching and meant to include, but not be limited to, support for children of different learning styles, family circumstances and geographic location. Yet wait times have blown out as applications have increased, and services are waiting weeks if not months for funding) – not accounting for the time taken for a child to receive formal diagnosis.²⁵ The workforce crisis has also created acute problems where ISP educators are used in centres to cover breaks of other staff, and to meet ratio. This is not fair on the educators nor the child that needs and deserves support.

Inadequate funding has exacerbated these problems. Subsidies, grants, and the resources of the program have not increased since 2016, and so over time the shortfall between the funding provided and the true cost of providing an ISP educator, for example, must be covered by the centre. Extensive paperwork and a tedious application process leaves the centre out of pocket and having to draw resources from elsewhere. The review into the ISP recommended as a matter of priority effectively resourcing the ISP; from adequately funding additional educators and Inclusion Agencies to increasing resources to process applications.²⁶ Proactive rather than reactive funding was also recommended as a medium-term solution, so that services could ensure that preparation could be undertaken before children attended a service that might need additional support.²⁷

The South Australian Royal Commission into Early Childhood Education and Care in its Final Report also raised needs-based funding as a possible alternative to the current funding model in its discussion of improving inclusion support.^{xi} It would be funded by the Federal Government and as such ensuring that all children have their needs met at a baseline level of funding – better supporting services to plan, allocate resources, provide professional development and training, and have the right staffing mix, therefore reducing stress on educators and teachers. However, the Royal Commission was clear that there is tension between overburdening educators and teachers to support inclusion in their centres, and adequate training, support, and capability across the service to provide inclusion support. The increasing demand for the ISP, as well as increasing diagnosis of autism in the community (although formal diagnosis can be a barrier in itself to receiving ISP support), means that serious consideration must be given to the additional workload (both in terms of paperwork and direct education and care) for educators and teachers.

Additionally, a holistic view of a child's circumstances means there might not be only one type of support that is needed – family circumstances are complex. Further complicating the process, not only is a formal diagnosis required, but so is parental consent. The centre is sometimes placed in the difficult position of being unable to apply for inclusion support for a child where it is needed. As an alternative, the ISP funding should be able to be tied to a room, rather than a child. This is where needs-based funding, or proactive funding, would better support all children in the service, rather than individualised arrangements.

In short, changes to the ISP must be made if universal access to ECEC is to be achieved – and this is acknowledged by the Commission.²⁸ Only a system of public provision for ECEC can be relied upon to properly implement a fully funded ISP. The present system, with its persistent workforce crisis, is not up to the task.

Inclusion Support: not just an ‘additional’ job

Pages 46-8 of the Draft Report make proposals to ‘improve the ability of [ISP] services to support children’, one of which is:²⁹

Allowing other human-services staff and inclusion professionals, such as allied health, or other relevant professionals to be employed as an additional educator, where appropriate.

Ideas such as this devalue the role of educators by suggesting that their work could be done by any human services staff or allied health worker. The care and education of children is skilled work. Educators plan, organise, and conduct activities and experiences for infants and pre-school-aged children to develop their language, early literacy and numeracy, motor, and social and emotional skills. Educators develop relationships and provide care, assistance, and supervision to ensure the physical and emotional wellbeing of children. This is highly skilled work – it is not work that can just be undertaken by any human services staff or an allied health professional.

Having ECEC provided by an additional ‘other professional’ is counter to everything we know about secure attachment for children and will erode the trust that educators work so carefully to build with families. Such a suggestion devalues the work of educators. As educators have told us through the Crisis Tracker survey:

“[We need] recognition and appreciation for providing early education. We are more than just babysitters. We are worth more!”

“Come see the paperwork that educators need to do. See their responsibility. See if that aligns. See why people don't want to work in this field anymore. See why they are leaving it.”

Other professionals such as those in allied health should come into ECEC on a needs basis to provide specific services, not to replace educators. Far from improving the ability of Inclusion Support services to support children, the Commission’s proposal would undervalue educators, thereby ensuring more will leave the sector, exacerbating the workforce crisis and undermining the goals of social inclusion.

Quality means centring the child in the journey from ECEC to school

The current system is disjointed – it separates 3 and 4-year-olds in preschools from younger children in LDCs. The current divide exists because it aligns with Federal and State funding arrangements, not because it is best for the child. It is not a system that prioritises evidence, accessibility, affordability, or the continuation of the relationship between educator and child. A truly universal and high quality ECEC sector would centre the child, and the child’s journey from zero until school age.

Indeed, as the 2016 Mitchell Institute Report on 3-year-old preschool found: *“If there was a substantial reduction in the number of 3-year-olds in LDC because families chose to access a preschool program in other settings, there may be implications for affordability and financial viability. This would not achieve optimal outcomes for children.”*³⁰ Services targeted at limited age groups also run the risk of creating a steeper gradient of catch-up for children who are disadvantaged and are not captured by those services.³¹

This is why UWU educators are calling on State and Federal Governments in all jurisdictions to develop and trial publicly run, fit for purpose long day care (LDC) centres that directly employ educators as a first shift towards public early learning provision. Where possible, these centres should be co-located with schools, and initially targeted in low socio-economic areas. LDCs have service hours that meet the needs of more working parents, while secure jobs for educators mean less turnover, and therefore stronger quality of relationships with children and families – all factors that can improve access for low-income households.

Recommend the best decisions to government, so they can take responsibility

The Draft Report states that:

*Universal access would require government stewardship to ensure services are available where needed, and that they are age- and culture-appropriate – not ‘one size fits all’.*³²

However, as UWU members stated in the initial submission:

*‘Provision of early learning must go beyond government ‘stewardship’ of the sector – as the pandemic showed, it was an essential service. UWU’s early learning members call for an ambitious vision of ECEC that does not prioritise profit over quality and does not see a place for private-for profit providers in the delivery of such an essential government service: education.’*³³

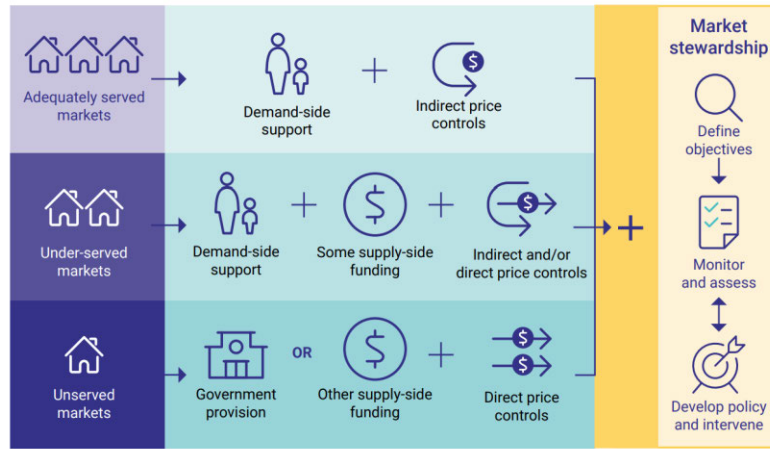
Both the draft report, and the recently released ACCC Childcare Inquiry Report, show that the current ECEC system is better described as ‘multiple sizes that fit rarely’.

The ACCC Report found that:

*Childcare markets under current market settings are not delivering on accessibility and affordability for all children and households across Australia.*³⁴

The ACCC separated ‘Childcare markets’ in Australia into the categories of ‘adequately served, under-served, and unserved’ – with only ‘unserved’ getting a recommendation for public provision.

Types of Australian childcare markets and recommended regulatory arrangements



What is notable about this formulation is that (a) even the ‘adequately served’ markets still need price control and monitoring, and (b) the focus is still on funding and prices rather than quality educational outcomes for children.

‘Thin Markets’ – competitive tendering is the wrong answer

The Draft Report’s makes a recommendation (5.1) purporting to ‘support universal access in persistently thin markets via supply-side funding’. It is a lengthy and complex recommendation that unfortunately includes the following:³⁵

The Australian Government could use a process of competitive tendering to provide services in markets where community representatives do not apply for grants.

This proposal is typical of the unsatisfactory patchwork of at best partial solutions that the formulation of ‘stewardship’ serves up. ‘Stewarding’ the market is not good enough when it comes to essential services such as ECEC. Stewardship means market-based options such as competitive tendering require extensive and costly management. Government would still have to heavily monitor and regulate the sector even if the competitive tendering process produced a satisfactory out in a thin market.

There is a much simpler and guaranteed way for government to ensure high quality outcomes for children and high-quality working conditions for educators across both ‘thin’ and ‘thick’ markets – public provision. Research in the United Kingdom has investigated why many local councils were returning to insourcing services after their experiences with contracting them out. Along with poor outcomes, there is the ongoing cost of monitoring contracts,³⁶ poorer quality services,³⁷ and the impact that no longer having those services in-house has on the ability to deliver flexible, high-quality services that reflect community standards. One report concluded:

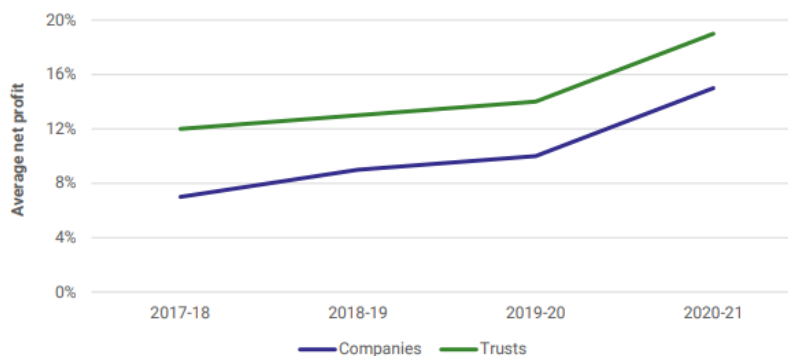
Councils need to be confident that whoever delivers services to communities is fully accountable and financially robust. And they need to be able to retain control over services, offer local training and employment opportunities and prevent public funds leaking out of local areas in the form of profits to shareholders.³⁸

All the other models aside from public provision involve the government trying to exert control over other organisations through various complicated and convoluted methods. This will be expensive, and require high levels of compliance, monitoring, and auditing. Even then, the public can't be entirely sure that the money is being used as intended.

Prioritising profits over quality early education

Both the ACCC's Interim and Final Reports concluded that 'on average, profits do not appear excessive across the childcare sector'. However, none of those reports provided insight on what constitutes an 'excessive' profit – despite conceding that 'profitability can vary significantly within markets depending on occupancy levels'.³⁹ The ACCC's September Interim Report also found that, 'on average, companies and trusts have been profitable in the past few years', and that in 2020–21 'the average net profit of all companies was strong (15%) and has increased consistently since 2017–18 across most income levels.'⁴⁰

Figure 3.2: Average net profit of the childcare services industry, by entity type, 2017–18 to 2020–21⁴⁴



Source: ACCC analysis of Australian Tax Office data.

The Interim report also found that:

Labour costs and shortages create risks for profitability, viability and service quality.

The ordering of this sentence is telling: profits come first and service quality last. However, given both the Productivity Commission and the ACCC regularly make statements such as:

The success of childcare services is enormously dependent on the educators and staff.

They should pay attention to what those staff say. UWU members consistently tell the union that the pursuit of profits in the ECEC sector is detrimental for the quality and long-term viability of early education. As we stated in our initial submission to the Commission:

UWU's early learning members call for an ambitious vision of ECEC that does not prioritise profit over quality and does not see a place for private-for-profit providers in the delivery of such an essential government service: education. A world-class Australian ECEC system has to be a public and universal one ...

Early Childhood Education and Care is, according to the ACCC 'widely viewed as a safe and strong investment with returns backed by a government safety net'.⁴¹ UWU urges the Productivity Commission to reject the normalisation of profiteering from such an essential service for children. Government should do more than provide a 'safety net' for private returns, it should take responsibility for the *public* provision of a high-quality essential service – with returns on investment going to the community as a whole.

The real 'one-size-fits-all'

Both the Productivity Commission and the ACCC imply that public provision of early childhood education by government would be a 'one-size-fits-all' approach. This fundamentally misconceives what the call for public provision is about, which is for the protection, improvement, and delivery of an essential government service: education.

Far from being a monolithic, centralised bureaucracy, public provision of early childhood education is the most accountable means by which we can deliver the flexible responses that take account of the needs of different communities.

Universal public provision would outperform the present market system in the following ways:

- It could guarantee all children receive a baseline of funding
- It could fund programs of additional support for children who have specific needs
- It could allow for better supporting services to plan, allocate resources, provide professional development and training, and have the right staffing mix, thereby reducing stress on educators and teachers.

Meanwhile, the common criticisms associated with government provision of ECEC are better applied to the current crop of Private Equity owners of marketised providers such as:

- Quadrant Private Equity
- HEAL Partners
- Anchorage Capital
- Fullshare Holdings
- Charter Hall

The above groups are far more remote and unapproachable than any government department. The UWU Report ‘Splitting off Cash: Where does all the money go in Australia’s early learning sector’ (2021) found that the ECEC sector is being gamed by big business and this comes at the cost of quality early learning for Australian children and an underpaid and undervalued workforce. Private for-profit providers have prioritised profit over investing in their workforce, are more likely than other types of providers to be operating with a staffing waiver according to ACECQA, and overall deliver lower quality ECEC as well as being overrepresented in safety breaches and enforcement actions.⁴²

Modifying the Child Care Subsidy (CCS) to address complexity for families

The Draft Report recommendation 6.2 proposes that:

The Australian Government should modify the Child Care Subsidy to allow:

- *all families to access up to 30 hours or three days of subsidised care per week without an activity requirement*
- *families with annual income at or below \$80,000 should be eligible for a subsidy rate of 100% of the fee, up to the hourly rate cap.*

In addition, the Australian Government should review the hourly rate cap associated with the Child Care Subsidy, and set a new cap based on the average efficient costs of providing early childhood education and care services.

The CCS is complex for families to understand, and there is a lack of transparency and accountability measures attached to it. Parents and guardians must navigate a disjointed ECEC system, in which the interaction between state-run pre-school programs and federally funded long day care is not always easy to navigate. UWU agrees that we need to reconsider the CCS, but not as a move to another similarly complex demand-side funding mechanism. Rather, the CCS needs to be reconsidered as part of our reimagining of early learning, with state, territory and federal governments working together to create a cohesive world-class public ECEC system. We urge the Productivity Commission to investigate short, medium, and long-term policy reforms to realise the vision of public and universal early learning and then recommend them to government.

The Productivity Commission recommends that the government consider relaxing the current activity test, as it may be acting as a barrier to vulnerable children accessing care and creating a barrier to workforce entry or return for some groups. UWU calls on the Productivity Commission to strengthen this recommendation. The Productivity Commission should urge the Federal Government to abolish the activity test as a matter of priority. UWU educators are passionate about access to early learning for vulnerable children. Making a direct intervention to improve educators' wages to address the workforce crisis and abolishing the activity test are immediate steps the government can take to improve access.

ECEC Commission: A solution in search of a problem?

The Draft Report's recommendation 9.2 proposes that:⁴³

A stewardship model – where the Australian, state and territory governments better coordinate their roles in the ECEC system and share accountability for sector outcomes – should be implemented to address some of the challenges observed in the market, coordinate a more cohesive policy response and steer the sector towards universal access. This should be underpinned by an ECEC Commission, jointly established by the Australian, state and territory governments as part of a new National Partnership Agreement (draft recommendation 9.1).

The two main functions of the Commission are to:

- *support the Australian, state and territory governments to better coordinate and deliver ECEC policies, by providing information and advice; and*
- *provide a mechanism to hold the system stewards publicly accountable for achieving the objectives of ECEC policy.*

UWU has already outlined its preference for a universal public provision in ECEC compared to a 'stewardship' model. A Commission that would oversee the implementation of a future National Partnership Agreement on ECEC would seem to be an expensive exercise in out-of-touch bureaucratic micromanagement – given that it will apparently '*play a pivotal role in developing priorities for investment and planning so that expanded ECEC focuses on areas of greatest need and is achieved at a sustainable pace*'.

If the Commission believes such a body as an ECEC Commission is necessary to 'monitor and evaluate the costs and benefits of reforms implemented' – why not just recommend the public provision of ECEC? This proposal is an admission that government needs to be at the centre of the sector to achieve universal and quality services. However, the creation of a Commission to 'steward' the sector just makes that government role less effective and efficient, and more bureaucratic and wasteful.

Trialling publicly run, fit-for-purpose long day care (LDC) centres

UWU members believe that both State and Federal governments should develop, and trial publicly run, fit-for-purpose LDC centres that directly employ educators as a first shift towards public early learning provision. Where possible, these centres should be co-located with schools, and initially targeted in low socio-economic areas.

As we have argued throughout this submission, public provision of ECEC improves accessibility for all families and improves the quality of early childhood education through direct employment with secure jobs for educators. Public provision would enable the Federal Government to take a direct role in addressing the workforce issues outlined above and more effectively plan for the sector's future, including the capacity of the ECEC workforce as demand for services continue to increase.

The move towards public provision is already starting to happen. The Victorian Government has committed to opening 50 new early learning centres that directly employ educators to ensure higher quality early learning and better educational outcomes for children. Now is the time for the Federal Government to step up and take part in the reimagining of ECEC in Australia. There is huge momentum across the sector, with educators, unions, employers, and employer peaks coming together at the bargaining table, unanimous in their desire to see the sector improve in quality and for the workforce crisis to be addressed through professional pay for educators.

Conclusion

UWU members reiterate and update the recommendations that were made in our initial submission for:

- *a public and universal high-quality early learning education system*
- *a 25% wage rise for educators funded by the Federal Government*
- *Federal Government funding for educators to access two days per year of paid professional development*
- *the Federal Government to develop and implement new policy levers to ensure public accountability and transparency of ECEC funding*
- *the Inclusion Support Program funding model to be reformed*
- *State and Federal Governments to develop and trial publicly run, fit-for purpose LDCs that directly employ educators.*

Our members work every day to deliver high quality ECEC for the benefit of Australian children. It is their fervent hope that the outcomes of the Commission's inquiry, and the current round of bargaining, produce an early childhood education system that transforms Australia into one of the best places in the world for children to get a start in life.

Kind regards,

Helen Gibbons

Executive Director Early Education

14 February 2024

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