



As a public commentator on education and care per se, as an advocate for children's right to a high quality education and care, and as a vocal proponent for not-for-profit education and care there are many issues canvassed in the Productivity Commission's draft Report that I could comment on.

I have chosen instead to restrict my comment to 4 areas:

- **Draft Recommendation 3.6** - the need for professional development and resourcing for educators, early childhood teachers and education and care services.

- **Draft Recommendation 3.7** - the need for a Workforce Strategy that may actually help alleviate the sector's workforce shortages

- **Information request 9.1** - Scope for broader funding reform particularly in relation to private equity and corporate education and care providers and supply based funding.

- **The future of community based management** in the education and care sector.

Lisa Bryant

Early education and care advocate

8/2/2024

Lisa Bryant,

Draft Recommendation 3.6 (professional development)

As the Commission is aware, the education and care sector consists for the most part of small stand-alone services. The services are isolated, and educators and teachers work in small groups.

There is ongoing:

- government policy changes that need to be implemented at service level
- regulatory changes
- practice changes such as new curriculum frameworks
- societal changes that impact on education and care (for example COVID -19)
- new best practice recommendations.

Services, educators and teachers need support and assistance to learn about these changes and be resourced to implement them.

Throughout the history of education and care provision in Australia the Federal Government has always funded this sort of professional development in Australia. The last iteration of this was the funding of Professional Support Co-ordinators in every state and territory.

This funded professional development took a huge load off individual services in responding to these sorts of issues and allowed educators and teachers to have ongoing low cost professional development to reduce their professional isolation. This means better quality education and care for children.

Educators and teachers cannot fund their own professional development because their pay is so low. The last workforce census showed us that almost 40% of staff in long day care have under 3 years' experience. Coming in from vocational training of varying quality, they need access to high quality professional development.

Governments, particularly state and territory governments and in some cases ACECQA are trying to fill this void. This does not work. Regulatory bodies and ACECQA are too bureaucratic to present information in a way that is accessible for services and educators. It also leads to bland, safe and essentially unstimulating professional development.

Teachers and educators are leaving the sector because they are having to continually respond to changed requirements. There is real change fatigue in the sector. Funded professional development and resourcing would help alleviate this.

Resourcing is needed as well as PD. For example, every service needs the same mandatory policies. Currently they are forced to either develop these themselves or purchase them from an organisation that ensures their policies are up to date and regulatory compliant before adapting them for their service. This is madness and such a waste of money and time. If an organisation or organisations were funded to

develop these, this whole problem could be eliminated nationally for minimal funding outlay.

I support draft Recommendation 3.6 but urge the Commission to rewrite it so the onus is only on the Australian Government otherwise it will fall, as so many things in this sector do, between the two levels of government. It needs to mention resourcing as well as PD. It needs to not specify the types of PD so narrowly – because if it specifies, this is what will be provided only.

Draft Recommendation 3.7(Workforce Strategy)

The current workforce strategy is, as the Productivity Commission has said in much nicer terms than I will use, a joke.

The sector is in crisis now. Service directors and managers are leaving because they can no longer take the stress of ensuring they have enough staff to meet ratios in every room. Increasingly the workforce is being casualised.

Wages are critical to changing this, but the urgency of the issue needs to be spelled out in the workforce strategy with real measures that will change things immediately.

Easily accessible information about how to upskill for staff wanting to do so plus easily accessible information about the plethora of scholarships and other measures designed to make studying easier is needed now.

But no workforce measures will change things unless the issue is seen as urgent and unless the major culprit of low wages is dealt with.

I agree with Draft Recommendation 3.7 but the urgency of introducing measures needs to be included.

Information Request 9.1 Scope for broader funding reform

I have long been a proponent of supply side funding for education and care services. Essentially it works for school aged education, why not for early education? (Of course, having the same requirement that schools have about not making a profit would also be nice...)

The main reason I am a proponent of supply based funding is that it then gives the government a clear lever to use to demand quality provision and it enables price control. It also is administratively simpler to fund 14,000 services than to fund 1 million families.

Duplication

I would like to see a recommendation that would acknowledge the need to reduce the duplication of services between the Australian Government and the States and territories and the complexity this brings into the system, especially for families.

For example, in NSW there is an entire system that duplicates support for children with additional needs. Families have to assess if they and their child are better off accessing the state funded preschool system or the Australian Government education and care system for their child with additional needs. This is nuts.

It is past time we acknowledged that all services are education and care services and transferred funding responsibility to one tier of government.

Profit

There needs to be a recommendation that alerts government to the fact that children are being harmed because of the excessive use of the education and care system by private equity funds and large corporations as a way to profit from children's education.

- **In Australia at the moment most of our education and care services are for profit.** 68% for profit, 25% NFP.
- **We have 2 big childcare chains owned by private equity firms:** Affinity and Guardian. Affinity was bought in 2021 for \$650 million and is up for sale for around \$1 billion. Guardian was bought in 2016 for \$440 million and is also for sale for around \$1 billion. We have 1 really big publicly listed childcare corporation – G8 Education which made over \$37 million net profit last year.

Is this safe for children?

Keeping children safe is expensive. Profits depend on keeping things cheap.

Research tells us that the structural things that keep children safe are having:

- Lots of staff – high staff to children ratios

- More highly qualified staff
- Well trained staff
- Low staff turnover

So how are we going on these?

- Almost 40% of staff in LDC have under 3 years' experience.
- 22% are under 25 years old.
- Around 25% of all staff are casual.
- 1,600 services had exemptions from requirement to have most qualified staff – early childhood teachers (as at February last year.)

It's hard keeping children safe with young casual staff with little experience.

Where do you find the most young casual educators with limited experience? In the big corporate and private equity companies.

The ACCC found that large not-for-profit services have higher wages than large for-profit ones which means higher quality care, lower staff vacancies and turnover.

For example:

	Community Managed	For profit
Revenue on labour	77% (large) KU 81.5%	63% (large providers) Affinity 55%
Above award wages (ACCC)	94.5% (large)	64.3%
Turnover (ACCC)	21%	41%
Full time staff (ACCC)	47%	25%
Exceeding the NQS	37%	13%

Investors in PE firms are making big dollars. To be able to resell a private equity company the owners need to show they are making a profit and show they have long term prospects - i.e. that the government will keep underwriting those profits.

So, the primary focus of a private equity firm when it buys a company is putting it into the black. Making a profit. They do this by cutting costs (i.e. cutting how much they spend on wages) and maximising income. These large providers also seek to influence government policy in education and care to ensure their profitability. Sometimes this can result in policy that is not in the best interests of children.

I would like to see a recommendation to prohibit private equity and corporate ownership of education and care centres and one supporting an in depth enquiry about moving to supply based funding for the education and care sector.

The future of community based management in the education and care sector.

The not-for profit part of the community based sector is shrinking, and I see no recommendation in the report that will arrest this trend.

There are many and complex reasons for this shift but one that could be easily fixed by a recommendation by the Commission is the issues around how Person's with Management and Control (PMCs) are now defined in practice under the Education and Care Services Law and under Family Assistance Legislation.

Previously, services were able to define who was a PMC. Most community based services chose their executive members (Chair, Treasurer Secretary) as PMCs. Now both state Regulatory Bodies and the Department of Education have decided it is every member of the Management Committee/ Board.

It is increasingly difficult to recruit people to volunteer on Management Committee Boards given the need to then ask them for a swathe of ID, to undergo a range of checks, etc to meet regulatory requirements. This is especially onerous for preschools who may have complete turnovers of Committees/ Boards every 12 months.

I would like to see a recommendation from the Productivity Committee about this issue and perhaps a broader one to help support community based management of education and care services.