



EARLY LEARNING AND CARE
COUNCIL OF AUSTRALIA

Early Learning and Care Council of Australia

**2022-23 Pre-Budget Submission to the Australian
Treasury**

28 January 2022

Overview

Over the last two years, Australians have gained a new appreciation of the benefits of early learning and care. Throughout the COVID-19 pandemic, families and employers have been powerfully reminded of the vital role of early learning and care services in educating and caring for children and enabling parents and carers to work. For some families that endured lengthy lockdowns, the last year or two have been simply about surviving – often without access to early learning and care services.

As we approach 2022-23, we know that COVID-19 is not over. Educators and leaders in early learning and care services – in almost every state and territory – are experiencing considerable stress and uncertainty as they contemplate the next year. Their success in delivering high-quality early learning and care, in safe environments, will depend directly on how much support they can count on from the Australian Government in the event of further variants and waves of COVID-19.

Nonetheless, we are also hopeful that Australia will emerge from the pandemic over the coming few years. As that occurs, we want children and families to move from surviving to thriving. This means focusing our efforts on building greater access to affordable, high-quality early learning care for every young child. In particular, it means bringing children in from the margins, to maximise the impact of early learning and care – for individuals, communities, and the nation.

Recommendations

1. Make provision in 2022-23 for additional expenditure to help early learning and care services to stay open during any further waves of COVID-19 community transmission, including for: free rapid antigen tests for children and staff; and business viability support.
2. Amend the Child Care Subsidy (CCS) activity test to provide all children with a base entitlement of 18 hours per week of subsidised early learning and care (across two days), regardless of their parents' engagement in work or study.
3. Amend the CCS activity test to provide all Aboriginal and Torres Strait Islander children with 36 hours per week of subsidised early learning and care (across three days), regardless of their parents' engagement in work or study.
4. Develop a rollout plan for a second year of preschool for all Australian children, commencing with an immediate extension extending the 'preschool exemption' to two years before school.
5. Update the Inclusion Support Program, so that funding is calculated to include
 - a) children's actual attendance at an early learning and care service; and
 - b) award wage rates for educators, aligned to their qualification.
6. Increase the Child Care Subsidy (CCS) rate by 10% at each income threshold, bringing the maximum subsidy rate to 95% for low-income families and the minimum rate to 30%.
7. Introduce priority of access guidelines to ensure access and inclusion of children experiencing vulnerability and/or disadvantage, regardless of where they reside or their parents' work status, with particular focus on priority AEDC cohorts.
8. Assign funding across the forward estimates to implement the 10-year *Shaping our Future* Workforce Strategy, including for nationally consistent registration for all early childhood teachers, to build professionalisation of the sector and facilitate ongoing professional development and workforce mobility across jurisdictions.
9. Partner with early learning and care providers to co-fund and accelerate VET-qualified early childhood educators to undertake higher education.

10. Reduce barriers and red tape to grow the essential early learning and care workforce:
 - c) Streamline overseas qualification approvals for all qualification levels through ACECQA
 - d) Expand the Priority Migration Skilled Occupation List (PMSOL) to include all legislated qualifications i.e. Early Childhood Teachers & educators (Diploma and Certificate III)
 - e) Introduce a national Working with Children Check to reduce duplication of effort, enable improved workforce mobility across jurisdictions, fast track employment and increase safety for children.

11. Co-fund a campaign to boost migration by qualified early childhood educators to Australia.

Safeguarding children, educators and early learning and care services

Throughout successive waves of COVID-19 transmission in Australia, early learning and care services have demonstrated their commitment to keep their doors open, and to be flexible and innovative in supporting young children and their families. They could not have done this without financial support from the Australian Government.

The pandemic is not yet over, and may continue into 2022-23. It is therefore essential that the Government plan for the next wave(s) of COVID-19 transmission and be ready to activate support for early learning and care services and the families who use them. The precise support measures will depend on circumstances, but are likely to include: COVID-19 testing; gap fee waivers for families; and financial support for early learning and care services to address lower enrolment and attendance, higher costs and waiving of gap fees.

It is difficult to estimate the quantum of support that may be required in financial year 2022-23, given the very different support mechanisms devised and used by the Government in the period 2020-21. For example, the Government invested \$361.9 million in the COVID-19 Response Package in 2021-22, but this was mostly limited to Commonwealth-declared hotspots.¹ While the health impacts of future COVID-19 variants may be less severe, the spread of COVID-19 will be nationwide (for the first time) in 2022.

We encourage the Government to continue to work closely with the early learning and care sector, to co-design COVID-19 responses and support mechanisms well ahead of any next wave. We are also aware of, and concerned by, the emerging research on the effect of the pandemic on young children's physical, social and emotional development.² The evidence strongly suggests that educators and early learning and care services will need to be equipped to provide additional support to a much larger number of children over the next few years, and we look forward to the Government's contribution to this effort.

Recommendation 1: Make provision in 2022-23 for additional expenditure to help early learning and care services to stay open during any further waves of COVID-19 community transmission, including for: free rapid antigen tests for children and staff; and business viability support.

Maximising the impact of early learning and care

Encouraging and enabling all children to participate in early learning is an ongoing challenge for governments in Australia, with substantial long-term benefits for the whole country.³ We urge the Australian Government to continue its work in supporting Australian families with young children, with greater emphasis in the coming years on the children and families who face barriers to participating in the early learning and care system.

While it serves the majority of families and children well, the Child Care Subsidy (CCS) system contains far too many cracks into which children can (and do) fall. The requirement for parents and carers to prove a minimum number of hours of work, study, or approved volunteering before they are granted CCS acts as

¹ Commonwealth of Australia. (2021). [Mid-Year Economic and Fiscal Outlook 2021-22](#).

² Wise, J. (2022). ['COVID-19: Babies born during the pandemic show slight development delays'](#). *British Medical Journal*. 2022;376:o29

³ PwC. (2019). [A Smart Investment for a Smarter Australia](#).

a brake on children’s participation in formal learning. It is also complex for families and expensive for administrators.

The CCS system limits access to early learning and care for families that do not enjoy typical hallmarks of security, such as regular workforce participation or high incomes. Currently, children whose parents cannot meeting the ‘activity test’ are entitled to no subsidised early learning and care. In those families where the annual income is also below \$70,015, the ‘safety net’ entitlement for CCS is just 12 hours per week – or one standard day in a long day care centre. This is highly counterproductive.

The fact that CCS policy contains an exemption for the year before school highlights the internal inconsistency of the current settings. The exemption is based on the (correct) understanding that participation in early learning in the year before school is particularly important for children’s development and wellbeing, and that a child’s background and circumstances should be no barrier to participation. Yet we know that each of the first five years of life is important in shaping a child’s future. The CCS system should be adjusted to reflect this reality.

Ensuring that Aboriginal and Torres Strait Islander children are not left behind is particularly important, given the guiding principle of the National Quality Framework that ‘Australia’s Aboriginal and Torres Strait Islander cultures are valued.’⁴ There can be no ‘valuing’ of these cultures if their children face barriers to participating in early learning and care. The *National Agreement on Closing the Gap* is seeking to reach the following outcome: ‘Aboriginal and Torres Strait Islander children are engaged in high quality, culturally appropriate early childhood education in their early years.’⁵ The policies governing CCS must be reviewed and revamped to actively support this outcome.

In a recent inquiry, the House of Representatives Standing Committee on Employment, Education and Training urged the government to ‘provide up to 30 hours per week of subsidised early education and care for Aboriginal and Torres Strait Islander children’, regardless of their parents’ engagement in work or study.⁶ ELACCA supports the committee’s recommendation, although we note that 30 hours per week is only a good ‘fit’ for six-hour sessions of early learning. To meet the needs of all Aboriginal and Torres Strait Islander families, in all locations, we recommend provision of 36 hours per week, which aligns with the 2nd CCS tier and could be applied to either (shorter) preschool sessions or (longer) long day care sessions, enabling attendance for at least three days per week.

If we are to improve access, reduce childhood disadvantage and maximise the impact of early learning and care – for all children, families, and the economy – the current policy settings need further iteration. The additional expenditure incurred (via CCS payments) will be offset by the gains for individuals, communities, and the national economy.⁷

Recommendation 2: Amend the Child Care Subsidy (CCS) activity test to provide all children with a base entitlement of 18 hours per week of subsidised early learning and care (across two days), regardless of their parents’ engagement in work or study.

Recommendation 3: Amend the CCS activity test to provide all Aboriginal and Torres Strait Islander children with 36 hours per week of subsidised early learning and care (across three days), regardless of their parents’ engagement in work or study.

Extending the benefits of preschool nationally

⁴ Australian Children’s Education and Care Quality and Authority. (2020). [Guide to the National Quality Framework](#).

⁵ Coalition of Peaks and all Australian Governments. (2020). [National Agreement on Closing the Gap](#).

⁶ Standing Committee on Employment, Education and Training. (2020). [Education in remote and complex environments](#).

⁷ PwC. (2021). *Ibid*.

In the 2021-22 Budget, the Government recognised the pivotal role of preschool in supporting children’s learning and development.⁸ The Government’s announcement of secure funding for preschool, and an intergovernmental process addressing preschool attendance, outcomes and funding following the child, was a very welcome step in embedding early learning as part of each child’s journey towards school.

Our task now is to extend the benefits of preschool to more children, over a greater length of time. Modelling tells us that every dollar invested in preschool returns two dollars to Australia, through educational achievement, workforce participation and taxation revenue.⁹ Two years of a quality preschool program is even better than one year.¹⁰ For children facing disadvantage, establishing solid participation patterns earlier (at three years old) can improve participation at age four. This has direct relevance for the Closing the Gap target of 95 per cent of Aboriginal and Torres Strait Islander children enrolled in preschool (in the year before full-time schooling) by 2025.¹¹

At the moment, access to a second year of preschool depends principally on location. Children in Victoria and the ACT are gaining access to a second year of preschool in line with rollout plans developed by those governments. Australia now needs a rollout plan for a second year of preschool, targeting jurisdictions where this has not already been done. This work should be included in the current National Preschool Reform process, with funding committed and milestones released so that Australian families can plan for their futures.

While the development of a preschool rollout plan will require time and cross-jurisdiction collaboration, there is one lever the Australian Government can pull immediately and unilaterally: extending the ‘preschool exemption’ from one year before school to two years before school. The preschool exemption currently provides every child in the year before fulltime schooling with an entitlement to 36 hours per fortnight of subsidised early learning (via CCS). In effect, this ensures that all children across Australia can attend at least 15 hours of preschool per week, whether they use a public preschool or a private long day service.

Extending the preschool exemption to two years before school would create access to a second year of preschool, delivered by a qualified early childhood teacher, in CCS-funded services. This is a simple, effective first step in a longer process to ensure that two years of affordable preschool are available to children in all early years settings, including preschools operated by state and territory governments.

Recommendation 4: Develop a rollout plan for a second year of preschool for all Australian children, commencing with extending the ‘preschool exemption’ to two years before school.

Doing better for children with additional needs

The Australian Government’s Inclusion Support Program (ISP) builds the capacity and capability of early learning and care services to fully include children with additional needs (including those with disability). The ISP is designed to fund extra educators and services, such as professional training, to build a support system around the child. This work is central to the promise of early learning and care: that it will help each child to meet their full potential as they grow and learn.

Unfortunately, ISP funding has not matched growing demand for the inclusion of children with additional needs and it has not kept pace with the modest increases in the minimum award wage for educators. ISP funding is currently capped at 25 hours per week (or 40 hours per week, if two or more children share the support measures). Where a child attends an early learning and care service for more than 25 hours per

⁸ In this document, the term ‘preschool’ means a program of play-based early learning delivered by a qualified early childhood teacher. This is different to other forms of early learning and care, which may not use early childhood teachers. In some states, preschool is referred to as ‘kindergarten’ – this document uses just one term, for the sake of simplicity.

⁹ PwC Australia. (2019). *A Smart Investment for a Smart Australia*.

¹⁰ Mitchell Institute (2016) “Two years of preschool are better than one” <http://www.mitchellinstitute.org.au/reports/two-years-preschool/>

¹¹ Coalition of Peaks and all Australian Governments. (2020). Ibid.

week, additional support staff are therefore not fully funded by the ISP. Even when children attend for 25 hours or fewer, the ISP does not fully fund their wages, because the subsidy is below the award rate.

In December 2021, the Government announced an additional \$73.9 million for the ISP for the year to 30 June 2022.¹² This was essential in addressing the unmet demand for assistance in early learning and care services. However, it is not enough. The ISP must be changed permanently, and funded appropriately, to ensure that the program meets the actual needs of children and families.

Recommendation 5: Update the Inclusion Support Program, so that funding is calculated to include

- a) children’s actual attendance at an early learning and care service; and
- b) award wage rates for educators.

Affordability and Access

For parents and carers, the cost of early learning and care is an investment in their children and in their own capacity to participate in paid work. Nonetheless, early learning and care is only accessible when it is affordable. The CCS is essential in supporting early learning and care, and parental workforce participation, across all parts of the Australian community. Yet, there is more we can – and should – do to extend the impact of the CCS, for the benefit of families. This is particularly important when housing costs (for both buyers and renters) have increased markedly over the last year.¹³

The Government’s decision to increase the CCS rate for families with two children in early learning and care, from 7 March 2022, is very positive and will provide much-needed support for children’s learning and wellbeing, and for their parents’ workforce participation. However, while the additional CCS funding is a great step forward for the families who qualify, we need to improve access and affordability for other families, too.

The new upper limit for CCS (95% of the fee rate) should be available to all families on lower incomes. The CCS rate should also be increased by 10% at each income threshold, to reduce pressure on household budgets across the board. This change would enable more families to take up more work opportunities (at a time of national workforce shortage), while their children gain the benefits of safe, high-quality learning and care.

Recommendation 6: Increase the Child Care Subsidy (CCS) rate by 10% at each income threshold, bringing the maximum subsidy rate to 95% for low-income families and the minimum rate to 30%.

Recommendation 7: Introduce priority of access guidelines to ensure access and inclusion of children experiencing vulnerability and / or disadvantage, regardless of where they reside or their parents work status, with particular focus on priority AEDC cohorts.

Workforce

The single biggest contributor to high quality in early learning and care services is the education and training of early childhood educators.¹⁴ A skilled, knowledgeable, and stable educator workforce is essential for supporting children’s learning and development. However, at a more fundamental level, early learning and care services simply cannot operate (to capacity, or at all) without the requisite number of educators.

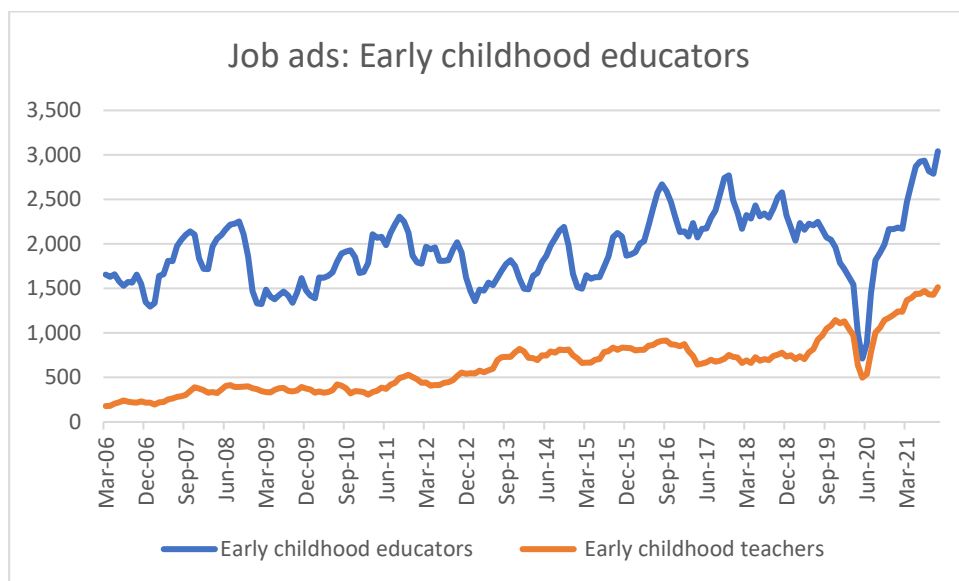
¹² Robert, S. and McKenzie, B. (2021). [‘Investing in education to create opportunities and grow the economy’](#), media release, 16 December.

¹³ Across the eight capital cities, residential property prices rose by 21.7% in the 12 months to the September 2021 quarter. For renters, the stock of affordable housing has been deteriorating for a decade, with 43% of all low-income households (48% in NSW) currently in housing stress. Sources: Australian Bureau of Statistics. (2021). [Residential Property Price Indexes: Eight Capital Cities](#), September 2021; SGS Economics and Planning. (2021). [Rental Affordability Index, November 2021 Key Findings](#).

¹⁴ Pascoe, S & Brennan, D. (2017). [Lifting our Game](#), pp. 62-63.

Unfortunately, over the course of the last year, the national shortage of qualified educators has intensified. In October 2021, advertised vacancies for educators reached an all-time high (see Figure 1). ELACCA members report that they have never before experienced such difficulty filling vacancies, leading them to restrict the number of children they enrol in some services.

Figure 1: Job advertisements for early childhood educators, Australia, 2006-2011



Source: Australian Government, [Labour Market Information Portal](#), October 2021.

The release of *Shaping our Future*, the National Children’s Education and Care Workforce Strategy, in September 2021 was a very welcome step in addressing the workforce shortage and strengthening the professional standing and skills of early childhood educators.

The twenty-one actions identified in the Strategy are to be undertaken by governments and early learning and care sector stakeholders, across a span of 10 years, with details to be determined in an implementation plan being developed by the Australian Children’s Education and Care Quality Authority (ACECQA). It is essential that the Government’s Budget for 2022-23 allocates funding across the forward estimates for the implementation of the Strategy. This should include areas for coordinated national action on regulation, such as the development of nationally consistent registration for all early childhood teachers and a national Working with Children Check.

ELACCA suggests one very practical way for the Government to support growth in the educator workforce: co-funding a program of accelerated upskilling for educators with Diploma and Certificate III qualifications. The shortage of degree-qualified early childhood teachers is particularly acute but could be addressed rapidly by enabling existing educators to upgrade their qualifications to Bachelor-level. While this does require investment (by the Government and employers), the results would have an immediate stabilising effect on the early learning and care workforce and would enable early learning and care services to offer places to more children, particularly in the crucial year before school.

Domestic efforts to build the educator workforce should also be supplemented with skilled migration. The National Children’s Education and Care Workforce Strategy urges the Government and the early learning and care sector to ‘Review existing migration processes and opportunities for overseas trained entrants to the children’s education and care sector’.¹⁵ According higher priority to educators in migration channels, and reducing barriers of cost and time, would provide much-needed relief to early learning and care services – and the families who use them.

To maximise the impact of skilled migration, the Australian Government should also contribute to a targeted campaign in select offshore markets, to generate stronger interest among qualified candidates.

¹⁵ ACECQA. (2021). [Shaping our Future](#). National Children’s Education and Care Workforce Strategy, p. 47.

This could seek to harness the benefits of the forthcoming Australia-UK Free Trade Agreement, which will enable UK citizens to spend three years working in Australia, in the field of their choice.

Recommendation 8: Assign funding across the forward estimates to implement the 10-year *Shaping our Future Workforce Strategy*, including for nationally consistent registration for all early childhood teachers, to build professionalisation of the sector and facilitate ongoing professional development and workforce mobility across jurisdictions.

Recommendation 9: Partner with early learning and care providers to co-fund and accelerate VET-qualified early childhood educators to undertake higher education.

Recommendation 10: Reduce barriers and red tape to grow the essential early learning and care workforce:

- a) Streamline overseas qualification approvals for all qualification levels through ACECQA
- b) Expand the Priority Migration Skilled Occupation List (PMSOL) to include Early Childhood Teachers and educators
- c) Introduce a national Working with Children Check to reduce duplication of effort, enable improved workforce mobility across jurisdictions, fast track employment and increase safety for children.

Recommendation 11: Co-fund a campaign to boost migration by qualified early childhood educators to Australia.

About ELACCA

The Early Learning and Care Council of Australia (ELACCA) was incorporated in 2014 to promote the value of quality early learning and care as an integral part of Australia's education system. Our 19 CEO members include some of the largest early learning providers in the country from all parts of the sector, including long day care (for-profit and not-for-profit providers) and community preschool/kindergartens. ELACCA represents a significant percent of the not-for-profit and for-profit providers operating more than 2,200 services across Australia for more than 232,000 children.

As well as promoting the value of quality early learning and the need for greater public investment, we advocate for the right of all children to access quality early learning and care, particularly children facing disadvantage. We do this by drawing on the broad knowledge and practical experience of our members and representing their views and issues to decision makers in government, the media, and the public.

More information about ELACCA is available at: www.elacca.org.au
