



Early Childhood Australia
A voice for young children

Wage Justice for Early Childhood Education and Care Workers Bill 2024

Early Childhood Australia
October, 2024

EVERY
YOUNG
CHILD IS
THRIVING
AND
LEARNING



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**OUR
VISION:
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About us

Early Childhood Australia (ECA) is a not-for-profit, membership-based organisation that was first incorporated in 1938. We work at both the national and local levels, with active State and Territory Committees in each Australian jurisdiction and a National Board of Directors. Our membership includes early childhood professionals, services, schools and organisations that share a commitment to the rights and wellbeing of young children.

Our vision is that every young child is thriving and learning. To achieve this, we champion the rights of young children to thrive and learn at home, in the community, within early learning settings and through the early years of school. Our work builds the capacity of our society and the early childhood sector to realise the potential of every child during the critical early years from birth to the age of eight.

ECA acknowledges the unique place of Aboriginal and Torres Strait Islander peoples in our society, the past and current injustices and realities for them across Australia, and the enduring strength of their cultures and identities. We commit to being at the forefront of achieving a reconciled nation that values, respects and celebrates Aboriginal and Torres Strait Islander ways of knowing and being.

Find out more at: www.earlychildhoodaustralia.org.au

Contact

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Acknowledgement of Country

Early Childhood Australia acknowledges the Traditional Custodians of Country throughout Australia and their continuing connection to land and community. We pay our respect to them and their cultures, and to the Elders both past and present.



Background

The Australian Government announced, on Thursday 8th August, a 15% wage increase for Early Childhood Education and Care (ECEC) professionals, a 3.6-billion-dollar investment. Government support for the interim retention payment will be provided for two years while the Fair Work Commission finalises its gender undervaluation priority awards review and as the Government charts a path towards universal early childhood education and care.

The Government will provide funding through a new worker retention payment for early childhood education and care educators who are employed in Child Care Subsidy (CCS) approved service. The payment will support a wage increase of:

- 10% on top of the current national award rate in the first year
- 15% above the current national award rate in the second year.

The payment will start in December 2024 and run for two years. Providers will need to apply for the payment, and the intention is that funding under the grants would be paid to providers in arrears to cover expenses already incurred.

To receive the payment, providers must demonstrate that they are:

- Limiting fee growth from 8 August 2024
- Engaging staff through a workplace instrument that meets grant conditions
- Passing on all funding to eligible workers through increased wages

The aforementioned Bill establishes the Wage Justice for Early Childhood Education and Care Workers Special Account to make grants of financial assistance to support remuneration increases for workers in the early childhood education and care sector.



ECA Response

ECA applauds the intent of this Bill to address current workforce shortages, contribute to the ongoing professionalism of the early childhood education and care sector and ensure early childhood education and care remains accessible and affordable to families. Improving remuneration for educators has been identified in multiple independent reviews and inquiries as essential to stabilise the workforce by improving retention as well as attracting educators back to the sector and making ECEC a more attractive option for students. Workforce stability and capability is essential to the quality of early childhood education and care and the experience of young children in their early years as well as the families that care for them.

We acknowledge the significant cost of this investment, and ECA cannot overemphasise the pressing need for sustained funded wage increases to stabilise the early childhood education and care workforce. ECA is very supportive of this commitment to government support for wages across the sector and are particularly pleased to see the inclusion of outside school hours care, family day care and in-home care in this agreement.

Swift carriage of this Bill will ensure that next steps towards implementation can be actioned, and this is very important given the current confusion held across the sector about what the provision is for, how the grants will be applied for and subsequently paid, under what circumstances, when and to whom. To this end, ECA hopes bipartisan support is received for the Bill and ongoing commitment to funded and appropriately indexed wage increases for the early childhood workforce.

While very supportive of the wage increases, some concerns from member services have been raised regarding:

- Concerns about the adequacy of the additional funding for services that staff above minimum child-to-educator ratios – more detail on the calculation and value of the funding to individual services is needed.
- Confusion about the coverage of the funding for support roles (such as inclusion support), relief workers (including agency staff) and educators or teachers employed to deliver State/Territory funded programs (preschool, playgroup etc).
- More detail needed on the exemptions for fee restraint based on circumstances impacting on individual service (such as unanticipated rent increases) and how these will be assessed.
- Concerns about competition for staff across the sector if wage increases are unequally distributed or occur on different timelines.
- Lack of detail about what is determined as eligible on-costs (including annual leave accruals) and what the acquittal reporting requirements will be – this needs to be clear upfront to be incorporated in payroll systems recognising considerable administrative systems are required to minimise errors.
- The cash flow impact of paying the higher wages and receiving the funding in arrears (with consequences such as reduced capacity to invest in capital development or improvement).
- Timing issues with the grant starting in December/January when hours of care provided are likely to be at their lowest potentially reducing the grant calculation at a time when staffing costs due to leave and leave coverage may be at their highest.
- The importance of knowing the maximum fee increase (based on growth rate measured by the ABS input cost index) for the second year of the grant funding.



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ECA suggests that the following be considered in response to these concerns:

1. Reduce the potential impact of holiday-period distortions by either calculating grant payments based on the hours of care over a longer timeframe (for example: 3 months instead of 2 months) or using a more normative sample period (for example: July-Aug).
2. Double the first payment to reduce the cash flow impact across the 2 years of the grant (with no payment at the end of grant period when services will be required to acquit expenditure and return any unused grant monies).
3. Provide a minimum estimate for fee constraint for the second year (for example: not below 4.4%) as soon as possible.
4. Provide information that will allow service to estimate the amount of grant they would be likely to receive (subject to individual variations) to inform the decision-making process.
5. Provide support for small providers to assist with the process of deciding on and commencing an industrial agreement – whether the Multi-employer Bargaining Agreement or an Enterprise Agreement or alternative approach (Individual Contracts).
6. Provide clarification on the roles within services that are eligible for grant expenditure.
7. Provide clarification on the exemptions on fee constraint and how they will be considered and decided on an individual basis in a timely way.

ECA also urges ongoing consultation as these grants are rolled out, to understand how they are being received by providers, staff and impacts they are having on the workforce and sector more broadly. ECA can support the Government's dissemination of information to the early childhood education and care sector about the worker retention payments and facilitate ongoing consultation across the breadth of the sector, including smaller services.

While ECA understands the need for an interim two-year grant program while other work is completed, it is important to ensure that these increases are sustainable over the long-term through sustained investment. The timeliness of reforms that can provide certainty for both early childhood educators and employers will be important to ensuring wages continue to grow – making a universal early childhood education and care system realistic within the foreseeable future.

ECA acknowledges the Government and sector collaboration that has led to this wage increase and hope this is the first step in acknowledging and adequately remunerating the professionals that make early childhood education and care such a strong part of Australia's social infrastructure. We will continue to support government in the Grant process in any way we can.



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