



ACT
Government
Education

Early Childhood Education and Care: non-government centre based services in the ACT

2017

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1. EXECUTIVE SUMMARY

In February 2016 the then Minister for Education asked the Education Directorate to review the state of the Early Childhood Education and Care (ECEC) sector. The review was focused on quality, accessibility, affordability and capacity of non-government centre based services within the education and care sector (ECEC services).

The review involved analysis of available data and consultation with the ECEC sector.

This paper incorporates the evidence gathered from the review, updates elements of evidence and the review of the ACT Government's Early Childhood Schools. In particular, this paper also contemplates the evidence compiled in the Productivity Commission's 2017 Early Childhood Report on Government Services.

Both the 2016 and 2017 Report on Government Services (RoGS), show that ECEC services in the ACT are the most expensive in Australia, and that the ACT has one of the lowest proportion of undergraduate qualified workers in Australia.

The evidence shows that a primary barrier to access to ECEC services in the ACT, relative to other jurisdictions, is the cost of services. The review found that services in the ACT range from \$82 per day and \$130.50 per day, with a mean cost of \$105 per day. Costs in the ACT have been growing faster than in other jurisdictions for several years, making services relatively more expensive for families in the ACT than other jurisdictions.

The sector has also developed significantly since 2011. The sector has seen a growth in capacity since 2011 of approximately 3,238 places, or 39%, with a further 900 places to be added in the next two years. Growth in employee numbers has been even greater, driven by the requirements of the National Quality Framework and the growth in providers, and been accompanied by significant restructuring of employment arrangements within the sector, with a significant increase in casualization of the ECEC workforce.

There are significantly different ratios between wages paid and prices charged across the different categories of service provider: for-profit, community sector not-for-profit and independent not-for-profit. Relatively, for-profit providers charge higher average rates and pay lower average staff wages, whereas independent not-for-profit providers charge lower average rates and pay higher average wages.

The 2016 Review and the RoGS data show that levels of qualification across the sector are increasing, with analysis of available salary data at the whole of sector level suggesting that the proportion of primary contact workers without relevant qualifications has decreased from 49.4% to 41%.

The 2016 Review considered likely causes of the barriers to improved access to ECEC services for families in the ACT and to improvements in qualification levels in the ACT as

being: difficulties in attracting, training and retaining suitably skilled and motivated workers in the ACT, competition for market share, and the interaction of the effect of ACT Government provided preschool education on the business models of non-Government services.

The evidence suggests a need for a comprehensive policy framework to guide the ACT Government's role with respect to the delivery of ECEC services and to the outcomes that the ACT seeks from ECEC services for the children of the ACT, and that there is room for greater co-operation between ACT Government agencies and the ECEC sector as a whole.

2. INTRODUCTION

There is an abundance of evidence that structured early childhood education and care in the years immediately before formal school is beneficial to those children who have the opportunity to access it. Equally, there is general agreement that this structured early childhood education and care is particularly beneficial to those children who face challenging early life circumstances as a consequence of their or their parents', financial, health, social or other circumstances. Furthermore, the right of the child to high quality education is defined in the United Nations Convention on the Rights of the Child.

The 2016 Review accessed information from a number of sources, including service providers, in order to construct a picture of ECEC service delivery in the ACT. In addition to service providers, these sources included data from the Education Directorate, Community Services Directorate, the Chief Minister, Treasury and Economic Development Directorate, the Environment and Planning Directorate, the ACT Long Service Leave Authority, the Australian Government (a number of sources), and others.

2.1. WHY THIS IS IMPORTANT

ECEC serves two core functions for our community: providing quality development for a child's early years, especially for children experiencing disadvantage; and enabling workforce participation.

There is evidence that children in the ACT are excluded from ECEC services in the ACT due to a combination of price and exclusion as a result of marginalisation. A further percentage of children are likely to have less access than their parents would prefer, due to the price of services in the ACT.

Work undertaken by the Benevolent Society in 2013 found that interventions with the strongest evidence of success in improving developmental outcomes in the early years is participation in high quality early childhood education and care services and parenting programs that support the child's whole family.¹

The benefits of early intervention accrue to the whole of society, through enhanced human capital and capability, increased productivity, greater social inclusion and reduced public expenditure in health, welfare and the criminal justice system over the lifetime of the child. Healthy and happy children are more likely to become healthy and resilient adults who have the capacity, opportunity and resources to contribute to a cohesive and prosperous society. Conversely, if these problems and risk factors are not addressed they accrue to the whole

¹ Moore, T.G. and McDonald, M. (2013). *Acting Early, Changing Lives*. Prepared for The Benevolent Society. Parkville, Victoria

society in the form of increased social inequality, reduced productivity and high costs associated with entrenched intergenerational disadvantage (Heckman, 2011)².

The recent Grattan Institute Report *Widening gaps: What NAPLAN tells us about student progress*, released in March 2016, advises that educationally disadvantaged students – especially those with parents with limited education – tend to start behind their peers in year 3, and that they then fall much further behind between Year 3 and Year 9.

Furthermore, it was found that ‘Children who are developmentally vulnerable when they start school can get ‘back on track’ in their education, but it’s harder for those from disadvantaged backgrounds’. The Report also referred to 2015 Australian Institute of Health and Welfare research which indicated that it may be beneficial for disadvantaged students to start early childhood education earlier.

The Australian Early Development Census (AEDC) collects data every three years on children in Kindergarten. The last census was undertaken in 2015. **Figure 0** below shows, at the level of the ACT, the ACT lags on a number of domains. More detailed data shows that performance against the language domain is not only lower than the national level, but that the percentage of children in the ACT that are developmentally vulnerable, or at risk, has declined slightly between 2009 and 2015.

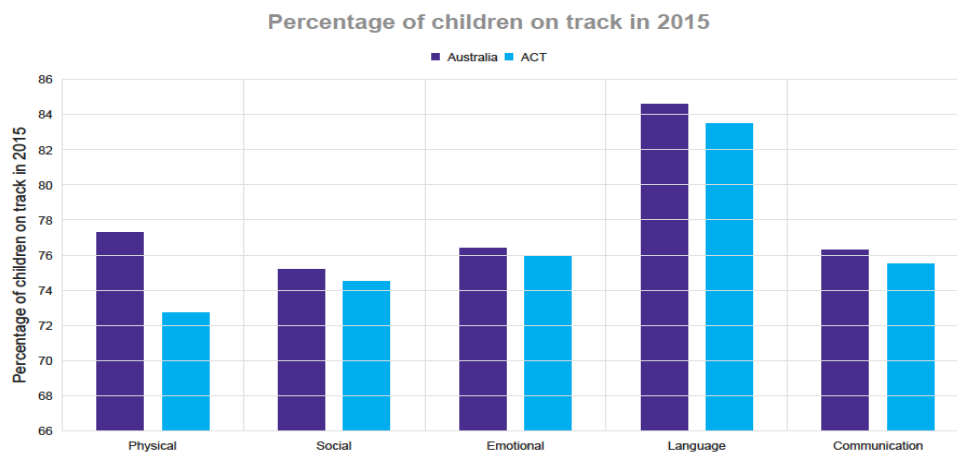


Fig 0 Percentage of ACT children considered on track compared to national equivalent

These patterns are reflected in the ACT. The Education Directorate does not currently hold data that would allow a connection between the outcomes achieved by students in NAPLAN testing and the ECEC experience of children. However, it is possible to use socio-economic status as a proxy for access to ECEC services, as shown in the table in **Figure 1** below.

² Heckman, J. (2011). The Economics of Inequality: The Value of Early Childhood Education. *American Educator*.

Fig 1 – NAPLAN outcomes for the ACT by the SES status of parents

ACT NAPLAN by Parent SES	Year 3		Year 5		Year 7		Year 9	
Highest level of parent education	Read	Num	Read	Num	Read	Num	Read	Num
University degree	465	434	542	520	584	574	618	621
Missing/not stated	440	418	517	498	549	543	578	570
Diploma	415	393	496	476	538	530	581	571
Year 12	402	382	493	474	524	514	570	563
Certificate	403	378	485	461	529	516	563	554
< Year 12	374	354	460	440	500	493	539	531
Highest level of parent occupation								
Senior manager/professional	466	435	543	520	583	572	614	614
Manager/associate professional	439	410	516	494	556	541	594	591
Missing/not stated	418	398	506	486	533	529	570	565
Trades/sales/office	409	384	485	461	534	521	569	556
Labourers	387	365	477	459	511	507	556	549
Not in paid work	386	366	474	452	526	511	557	544

When undertaken for the population of students in ACT public schools, the analysis shows that the gap between the lowest SES group of students based on parental education (those whose parents had not completed year 12) and the highest SES group of students (those with parents with a university qualification) was approximately 80 points across all year levels.

In years 3 and 5 this is considered to be equivalent to approximately two years of schooling, and in years 7 and 9 this can be considered to be up to four years of schooling. Figure 2 shows the impact of the gap. By year 5, low SES students are performing at an equivalent level to year 3 high SES students. By year 9, low SES students are performing at an equivalent level to year 5 high SES students.³

ISSUES

The Education Directorate now collects data on the school enrolment form of the ECEC experience of children prior to enrolment in preschool or Kindergarten. The information will enable an assessment of the developmental progress of children who have or haven't attended the different ECEC providers in the ACT. The first set of data should be available in 2019.

Is there other data that should be considered or collected as children transition from early childhood to school?

2.2. SCOPE, BOUNDARIES AND INTERPRETATION

For the 2016 Review, the Review Team focused on non-government centre based education and care services. Early childhood education and care services provided through ACT Government preschools were excluded. However, the intersection between ECEC services and Government preschools was included in the Review scope. Non-government preschools attached to a school in the two years prior to year one were also included in the Review scope because these services are also centre based services.

ECEC services provided through a Family Day Care service, outside school-hours care, occasional care or by parents at home or through any other private arrangement were largely excluded from the scope of the Review. This exclusion was for practical reasons and is not without recognition of the important role that Family Day Care services provide in the ACT.

³ Source – ACT Education Directorate administrative data

Access to ECEC services was defined as the ability of a person to reasonably gain access for their child or children to an in-scope service. 'Reasonable' includes consideration of the location of such services, the hours of opening, and the cost of access. These considerations are analysed relative to factors that may alter accessibility for an individual person or family such as social or financial constraints.

3. DESCRIPTION OF EARLY CHILDHOOD EDUCATION AND CARE IN THE ACT

This part of the paper describes the current operating context of ECEC services in the ACT. The 2016 Review notes that there is not an overarching policy framework for ECEC in the ACT that addresses the role and objectives of the ACT Government in this area.

The Review also found that the ECEC sector in the ACT is currently in a state of flux and has been since at least 2011. Not only did the Review show that there is a considerable change in the number of service providers and in the number of places available to parents, but that there is also a very significant change in the profile of workers in the sector and in the way in which these workers are being engaged and managed.

Finally, the Review found that there is a change in the perception among parents and among service providers of the sector as a provider of an early education service, not simply a child minding service, a point made several times by service providers at a consultative Forum on 1 July 2016.

3.1. POLICY FRAMEWORK FOR EARLY CHILDHOOD EDUCATION

The ACT is a participant in the National Quality Framework (NQF) for Education and Care Services. The ACT applies *Education and Care Services National Law (National Law)* under the NQF.

The *National Law* regulates early childhood education and care services, such as long day care, outside school hours care, government and independent preschools and family day care.

The Minister for Education and Early Childhood Development is responsible for the governance of the *Education and Care Services National Law (ACT) Act 2011* and chapter 20 of the *Children and Young People Act 2008 (CYP Act)* under the National Quality Framework (NQF).

Chapter 20 of the *CYP Act* regulates early childhood services that are out of scope of the *National Law* such as playschools.

The Director-General is the Regulatory Authority under the *National Law* and is also responsible for the exercise of chapter 20 ACT regulator under the *National Law* and the *CYP Act*.

The 2016 Review was unable to identify a specific policy, or collection of policies, that addressed early childhood education and care in the ACT in relation to the needs of ACT families and their children. There are some Education Directorate policies that address early entry to the school system in some circumstances, particularly:

- Early Entry for Aboriginal and Torres Strait Islander Children
- Early Entry for Children with English as an Additional Language or Dialect
- Early Entry for Gifted and Talented Children
- Early Entry for Mobility

There are also a number of planning documents that provide some guidance, such as the Children and Young People Commitment (the Commitment). This document draws on the ACT Human Rights Act 2004, the United Nations Convention on the Rights of the Child and other documents to establish a number of high-level principles to be applied.

A priority area for the Commitment is the implementation of a '*world-class ACT curriculum from preschool to year 12 in alignment with the Australian Curriculum.*' However, this priority does not refer to early childhood education in the years prior to preschool.

The first of the Commitment's principles is that *Children and young people should neither benefit nor suffer because of their culture, differing ability, ethnicity, birth status and gender, political or other opinion.*⁴ The 2016 Review found that access to early childhood education in the ACT is not open to all children and that, in addition to the factors outlined above, financial hardship, along with exclusion due to membership of a marginalised cohort, are factors that limit the opportunity of many ACT families and their children to access a quality, structured, early education experience.

The ACT Government has a wide range of services and programs that support children and families in the early years of life. The Community Services Directorate provide or fund an important range of child protection and early intervention services. ACT Health provides critical midwifery as well as Maternal and Child Health services.

Many of these services have established best practice relationships with services within the education and care sector, and schools. However, there the Government as a whole does not have a policy that might orient greater collaboration and use of resources.

⁴ ACT Government Children and Young People's Commitment 2015-2025

3.2. CAPACITY OF THE ECEC SECTOR IN THE ACT

ISSUES

Would the ACT community benefit from the development of an ACT specific Early Childhood Policy that would take account of the operation of National policies, and address the objectives the ACT seeks for ECEC service delivery, access to ECEC , as well as collaboration with other services that support children’s development?

In 2016 there were 135 Long Day Care (LDC) centres in the ACT with an estimated nominal capacity of 10,251 places that are available at an average cost of \$105 per day for a single child⁵.

There are a further 20 non-government preschools attached to a school with an estimated nominal capacity of 1,266 places. These non-government preschool services also offer outside preschool hours care. When the costs of these non-government preschool services and the out-of-hours care option are combined the average cost is approximately \$108 per day. Overall, this provides a total of 155 ECEC services combined with an estimated nominal capacity of 11,517 places, also at average cost of \$105 per day.

Forty-one new ECEC services have commenced operating in the ACT since the introduction of the NQF in 2012. These new services account for 3,230 or 28% of all available places, representing an increase of 39% in the number of places available in the ACT.

Since January 2016, nine new long day care centres commenced operating in the ACT. There were also 25 development applications (DAs) which for 26 centres, with a nominal additional capacity of 1,978 places.

The property market continues to encourage the establishment of further capacity in the sector, including through press articles that advertised the potential returns to investors in ECEC facilities. These articles also make statements as to the potential future demand for ECEC services that is not matched by any data that the 2016 Review considered.

Figure 2 below shows the increase in both the number of services and in the number of places in the ACT between 1998 and 2016, along with an estimate of the likely increase in capacity to 2018, drawn from DAs approved, but not yet completed or operational.

⁵ All prices are based on access by a single child over a week of no less than 45 hours

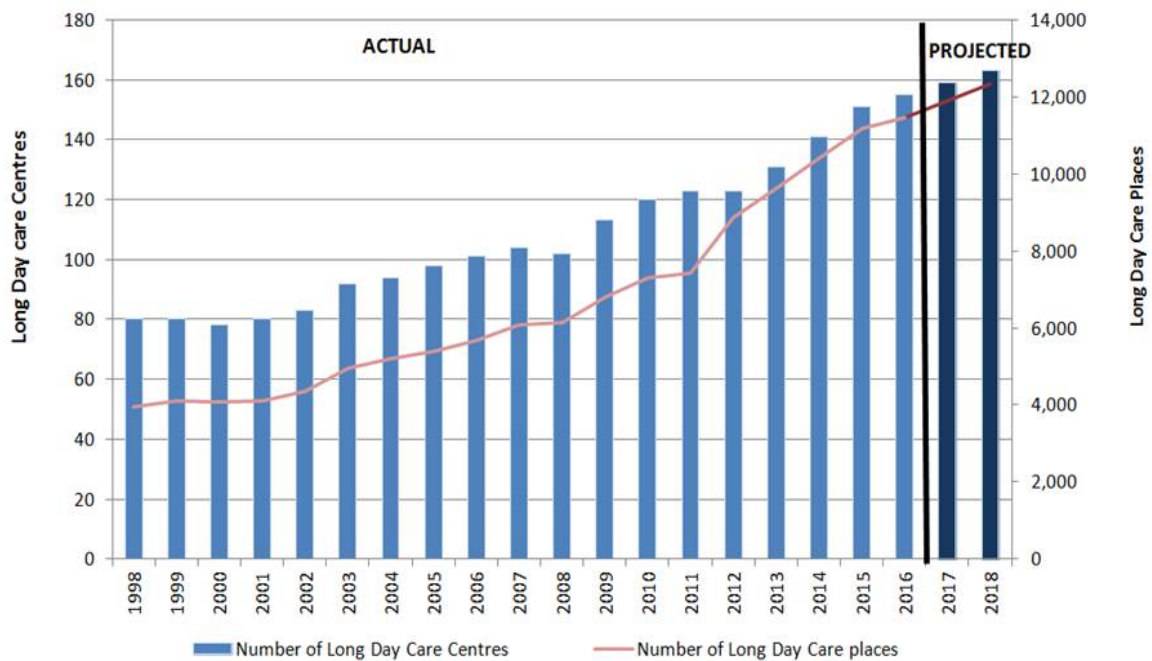


Fig 2 - Number of Long Day Care Centres and non-government preschools operating in the ACT between 1998 and 2016 and an estimate for the number of additional centres and places to 2018

3.3. CAPACITY MANAGEMENT

The ACT has historically high levels of demand for ECEC services arising from a comparatively young population, as well as having a higher proportion of children accessing care than in most other jurisdictions. This higher demand is partly driven by traditionally higher levels of female participation in the workforce in the ACT. The national female participation rate is currently 59.2%, while the current female participation rate is considerably higher in the ACT at 67.3%.⁶

There were significant and widespread shortages of ECEC places for children in the ACT between, at least, 2008 and 2012. During this period, and since, there have been a number of mechanisms introduced to simplify the process of bringing an ECEC service into operation and to overcome what was a shortage of places that impacted negatively on parents.

These strategies have succeeded and the 2016 Review found evidence that shortages no longer exist at the whole of ACT level, and indeed that capacity shortages may have been replaced by an over-supply of capacity based on the current level of demand.

Participants at the Forum of ECEC service providers held on 1 July 2016 stated that there was overcapacity in the sector in 2016, although the extent of overcapacity was not described by participants in quantified terms. Forum participants also pointed to particular

⁶ Australian Bureau of Statistics - 6202.0 - Labour Force, Australia, Released May 2016

days of the week, Monday and Friday as days with lower demand and hence greater over-supply, and Wednesdays, and suggested this was due to the interaction between the ECEC services and ACT Government preschools.

Despite the considerable growth in capacity at the whole of ACT level between 2012 and 2016, submissions to the 2016 Review indicate that not all ECEC service providers are facing a shortage of clients and that there may still be some competition for places among ECEC providers whose locations lead to particularly high demand, such as within close proximity to the major employment centres, or convenient proximity to the main transport thoroughfares.

The Australian Government keeps data on the utilisation of ECEC places by families; however this data is not currently available to the ACT Government. There is also no framework for conducting a verifiable census of enrolments in ECEC services. The ACT must therefore rely on estimates of capacity utilisation across the sector in the ACT.

The 2016 Review team estimated a sector over-capacity in the ACT. Australian Government data on attendance at ECEC services⁷ showed total attendance in the ACT of 14,160 children. Attendance at ECEC services is mixed, with some families using only a few hours per week, while other families use fifty or more hours per week.

Figure 3 below shows the national breakdown of hours purchased by families. This data is not available for the ACT. The Review has used the National breakdown of hours used by families as a proxy for hours used by ACT families, noting that there may be some differences in attendance patterns in the ACT.

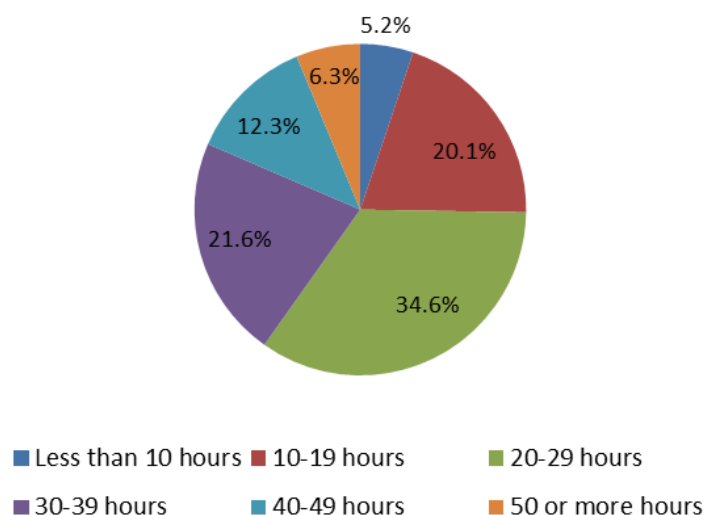


Fig 3 - Children using Long Day Care by average hours per week - Early childhood and Child Care in Summary June Quarter 2015

⁷ Early childhood and Child Care in Summary June Quarter 2015 – Australian Government Department of Education and Training

Figure 4 below shows the conversion of a the national usage by percentage against the total available places in the ACT of 11,517, with places at 40 hours or more being considered full use of a place.

Over Capacity Estimate for the ACT	0 to less than 10 hours	10 to less than 20 hours	20 to less than 30 hours	30 to less than 40 hours	40 to less than 50 hours	50 or more hours
National % Usage	5.20%	20.10%	34.60%	21.60%	12.30%	6.30%
Current ACT Usage	736	2,846	4,899	3,059	1,742	892
ACT Usage as Places	147	1,138	2,940	2,447	1,742	892

Fig 4 - Calculation of the potential overcapacity in the ACT ECEC market

This calculation provides an estimated utilisation of available places in 2016 of 81%. If the capacity projected from those Development Applications with specified capacity is included, the potential utilization of places in 2018 falls to 74.95%, assuming no other changes in capacity over that period. Participants at the 1 July Forum did not disagree with an overall ACT estimate of capacity utilisation of 81%.

It is not possible from this analysis at the overall ACT level to determine how overcapacity might be distributed across service providers in the ACT. Feedback from Forum participants, and other evidence collected by the Review suggests that some ECEC service providers are maintaining waiting lists, and are operating at, or near, capacity, while others were operating at much lower levels of capacity.

The 2016 Review did not consider this an unusual pattern and was of the view that the most likely pattern is that some ECEC service providers, due to location and other factors, were less able to attract clients and had higher levels of under-utilization of places than an ACT wide estimate of 19% would suggest. The Review also considers that it would be valuable to be able to determine any pattern to the overcapacity that appears to exist in the sector in the ACT, including whether any of the four ECEC sub-sectors described below is disproportionately impacted by overcapacity issues.

ISSUES

Reliable, quantifiable data about the utilisation of ECEC places is not available to the ACT Government to inform capacity management across the ACT.

Would the sector and community benefit from a means to record reliable data on capacity? Should that information inform a means to manage capacity, such as decisions on service approvals, or be readily available to prospective developers and providers?

3.4. SECTOR STRUCTURE – WHO OWNS ECEC SERVICES IN THE ACT?

Historically in the ACT not-for-profit service providers delivered most of the ECEC services. Much of the new capacity in the ECEC market since 2012 was established by for-profit service providers, many new to the ACT.

The 2016 Review found a distinct pattern to the ownership structure of the sector in the ACT. Each of the 155 ECEC services in the ACT fit into one of the following sub-sector provider groups:

1. services provided by for-profit providers
2. services provided by community service not-for-profit
3. services provided by independent not-for-profit providers
4. services provided in conjunction with non-government preschools.

A little more than one third of the in scope services delivered in the ACT are owned by for-profit entities. Since 1 January 2012, there have been 19 new for-profit services established in the ACT market. Those new services already operating account for 1,654, or just over half of the new places that have become available in the ACT since 2012. These new services often occupy new, purpose-built, premises. Of these new services, 15 have a nominal capacity for 60 or more places. Eight of these services have a nominal capacity for well over 100 places. As can be seen from **Figure 5** below, the for-profits are the fastest growing category of service provider in the ACT.

A further third of total capacity is made up by community service not-for-profit providers. The entities that own and operate the services in this category are a mix of public companies; companies limited by guarantee; and incorporated associations. Their unifying characteristic is that they are all also charities. As charities, these services typically reflect the corporate characteristics of such entities, including Fringe Benefits Tax, Goods and

Services Tax and Income Tax exemptions or concessions along with, in some cases, also having Public Benefit Institution and Deductible Gift Recipient status.

These community not-for-profit service providers operate services in multiple locations across the ACT. Since January 2012, there have been 13 new community sector not-for-profit centres established in the ACT. Of the 3,230 new places established in the ACT since 2012, these community services represent 35% of the increase in services. While decisions around establishing services in the ACT are commercial decisions taken by service providers, the evidence suggests that significant growth in services reflected a level of competition for market share between these two categories of provider.

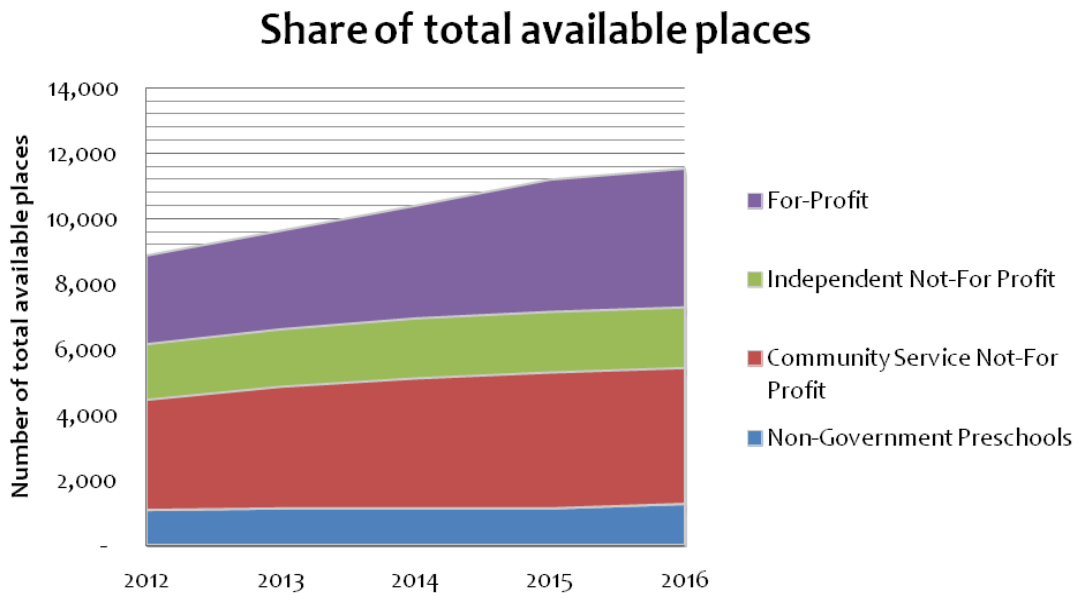
The last two service provider categories, independent not-for-profit providers and services provided in conjunction with non-government preschools, account between them for the final third of capacity in the sector. Unlike the first two categories, however, the third and fourth categories are both growing at a much slower rate than the first two categories above.

Independent not-for-profit is a category developed for this Review that is defined by their not-for-profit status and by their being single premises operations. These services are delivered through various models of incorporation, although incorporated associations form the majority, and they are generally governed by volunteer boards drawn from the parent body of children attending the centre.

The majority of these independent not-for-profit services are also charities. Of the 3,230 new places established in the ACT since 2012, these independent, not-for-profit services represent only 8% of the increase.

The final category of service provision are services provided through non-government schools and related arrangements. This category accounts for the remaining 6% increase in new places in the ACT since 2012.

Fig 5 Share of total ECEC capacity in t he ACT by entity type



4. ACCESS TO EARLY CHILDHOOD EDUCATION AND CARE IN THE ACT

Access addresses the extent to which clients and prospective clients of ECEC services in the ACT have reasonable access to services. Access to ECEC services is considered to be the ability of a person to reasonably gain access for their child/children to an in-scope service. 'Reasonable' includes consideration of the location of such services, the hours of opening, and the cost of access. All access considerations are considered relative to a person/family's social, economic, and other factors that may impact on accessibility.

4.1. LOCATION OF SERVICES

Services provided by for-profit providers, community service providers, and non-government preschools are reasonably well distributed across the ACT. However, the twenty nine services provided by the independent not-for-profit category of providers are, with very few exceptions, concentrated in the older, more central suburbs of Canberra, with only one in the Tuggeranong area and one in the Gungahlin area.

Spatial analysis of the locations of ECEC services in the ACT shows that services are broadly located throughout the ACT. Relative to the location of current and potential clients, most families are within reasonable proximity to ECEC services showing that proximity is not a significant access issue.

Spatial analysis suggests that the location of ECEC services is determined by one of three business models. The first model shows the majority of services are distributed primarily by proximity to the major concentrations of workers in the ACT, such as around Civic, Barton, Belconnen, Gungahlin, Woden and Tuggeranong. The second model shows a significant number of services are located along the major transport routes between where people live and work. Most prominently, a high concentration can be seen in the suburbs on either side of Northbourne Avenue between Watson and Barton and in the suburbs on either side of Adelaide Avenue between Woden and Yarralumla. The third model underpinning the location of services shows reasonable proximity to local shopping centres.

While there are some suburban based ECEC providers, the majority are very clearly distributed along, or near, major transport routes, or are located in, or near, major work centres, and townships. However, this distribution model is quite different from that applying to ACT Government preschools, which are located on a suburb basis and are consequently distributed evenly across Canberra.

The different distribution of long day care and Government preschools creates a significant practical impact on the extent to which long day care services and Government preschools can spontaneously work together.

There are very few examples of Government preschools and ECEC services being co-located, with the exceptions including ECEC located within non-government schools, and some ECEC co-located with ACT early childhood schools.

Where this does occur, it provides a considerable advantage to the parties involved, including parents, through the facilitation of 'wrap around' services that mean parents are not obliged to access separate services for the periods where a child is not in a government preschool.

Despite the generally broad distribution of ECEC services, there are a number of areas of the ACT with persistent and entrenched disadvantage that appear to have relatively lower representation of ECEC services. In particular, West Belconnen and South Tuggeranong have lower concentrations of services relative to other parts of the ACT. The lower representation of ECEC services in these suburbs may reflect the lower capacity of families able to access the services, but is also likely to create an access restriction for those families with no, or poor, transport options.

4.2. VULNERABLE CHILDREN

The location of ECEC services in proximity to low socio-economic clients is difficult to measure in the ACT, due to the highly dispersed nature of disadvantage across Canberra. A measure of the proximity of less expensive ECEC services to low socio-economic clients and potential clients can be estimated by mapping the location of the services that comprise the lowest two ECEC service quintiles against the location of 0-8 year olds in public housing in the ACT. Public housing is used in this instance as a proxy for disadvantage, but should not imply that all public housing tenants are necessarily disadvantaged.

With few exceptions, ECEC services are not conveniently located in relation to the primary areas of disadvantage in the ACT. There are services in Narrabundah, Barton and Acton that are at the lowest cost quintile, however, the lowest cost quintile providers comprise approximately just 9% or 1,059 of the total supply of available places, and these are located in high demand areas where places are likely to be limited.

It should also be noted that proximity to a lower cost service provider does not indicate access. Many of the lower cost providers are located in highly desirable locations, particularly around major employment centres and on the major transport routes between these employment centres and dormitory suburbs, and therefore face higher demand.

In other major Australian cities, there are ECEC service providers located in low socio-economic suburbs that generally offer lower prices and are unlikely to face competition for those places from families in higher socio-economic suburbs. In the ACT, the distribution of lower price ECEC services in relation to employment centres and transport routes means that families with higher incomes will be competing for places in these services due to the convenience of the location. This creates the potential for clients who are not able to afford

the higher cost providers to be crowded out by clients who prioritise the convenience of a central location.

4.3. HOURS OF OPERATION

The majority of families in the ACT work between 8:00am and 5:00pm. However, there are a proportion of families that work unusual hours. Many of the 135 Long Day Care services have hours of operation starting by 7:30am and closing from 5:30pm. There are only three services, with a total capacity of 239 places that open before 7:00am, and none that open prior to 6:30am. There are eight services, with a total capacity of 613 places that remain open past 6:00pm, with none remaining open later than 6:30pm. One service remains open over the weekend.

There is a strong interrelationship between hours of opening and the operation of Australian Government rebates. Rebates are tied to the opening hours of a service. In other words, if a centre is open for ten hours per day, the rebate is consumed at the rate of ten hours per day, even if a child attends for, say, eight hours.

The operation of this mechanism means that an annual rebate can be exhausted before the end of the (financial) year, meaning that parents in this situation are required to pay the full cost of the service, without rebate assistance, for the period between the exhaustion of their rebate and the end of the financial year. In some cases, this may be three months or more.

4.4. EXCLUSION FOR SOCIAL OR STIGMA REASONS

Exclusion from access to ECEC services is not necessarily due to issues of cost, hours of operation, or the location of services. There are a number of children in the ACT who live in families that are marginalised, and suffer from deep and persistent disadvantage, or are at significant risk of falling into this situation.

Advice from research commissioned in 2013 by the Community Services Directorate⁸ is that there are families in the ACT with children who are enduring negative early life circumstances, and for reasons of stigma, as well as poor social connectedness and financial hardship, are marginalised. Marginalised families and their children do not participate in many of the activities that those families with high levels of social connectedness enjoy and it is likely that this extends to a reduced participation in ECEC services. An estimate of the number of children who fall into this category, based on work undertaken by the Productivity Commission and the University of Canberra is that approximately 11% of children, or 2,970, may fall into this category.

⁸ *Marginalised Australians: Characteristics and Predictors of Exit over Ten Years 2001-2010*

The first challenge to address this problem is to identify children in these circumstances, followed by a meaningful engagement that builds new relationships and trust with an education and care service.

Ongoing access to education and care then engages issues of affordability. ECEC services can be expected to have the greatest impact on that cohort of families that are primarily excluded from access to services by cost. These families will increase their use of ECEC services, or commence using ECEC services, with the expected positive contribution to the broader ACT community through higher workforce participation rates.

The categories of families and children that will not be able to take advantage of any reduction in the cost of services, for example due to social isolation and unemployment, are precisely those families that are in the most marginalised category, and it is precisely these children that would benefit the most from access to such services.

ISSUES

What ways and means can be developed to support marginalised families to involve their children in early childhood education and care?

4.5. COST AND AFFORDABILITY OF SERVICES

An important aspect of access to ACT ECEC services considered by the 2016 Review was the cost of services⁹. Up to date service cost data is not generally available and the Review had to research the cost of services separately for each provider generally, but not always, through publicly available information on public websites.

Different services can comprise components that cannot always be comparatively costed, such as a nappy service, and that parents may value a service in ways not reflected in the price. In some cases, services have differential pricing for different cohorts of children. In order to provide a price basis for comparison, all prices are based on the quoted price for the service, or for an average where there were differential prices.

⁹ All cost data and assumptions in this Review are on the basis of a single child.

The data assembled by the 2016 Review showed the cost of ECEC services in the ACT ranged from between \$82 per day and \$130.50 per day, with an estimated mean of \$105 per day in 2016¹⁰. Many ECEC services in the ACT offer discounted rates for children attending multiple days a week or for the full week, with a mean of \$516 per week estimated for the ACT for five full days of care.

However, these figures include the costs of the combination of services offered by non-government preschools that allow for a full day of care to be supplemented by additional outside school hours care arrangements. There were also three services identified as outliers that were subsequently removed from these cost calculations due to highly specific arrangements. Furthermore, these costs do not necessarily reflect the variety of services provided as some offer additions such as nappies, meals, formula and specialist programs that are included within their fees.

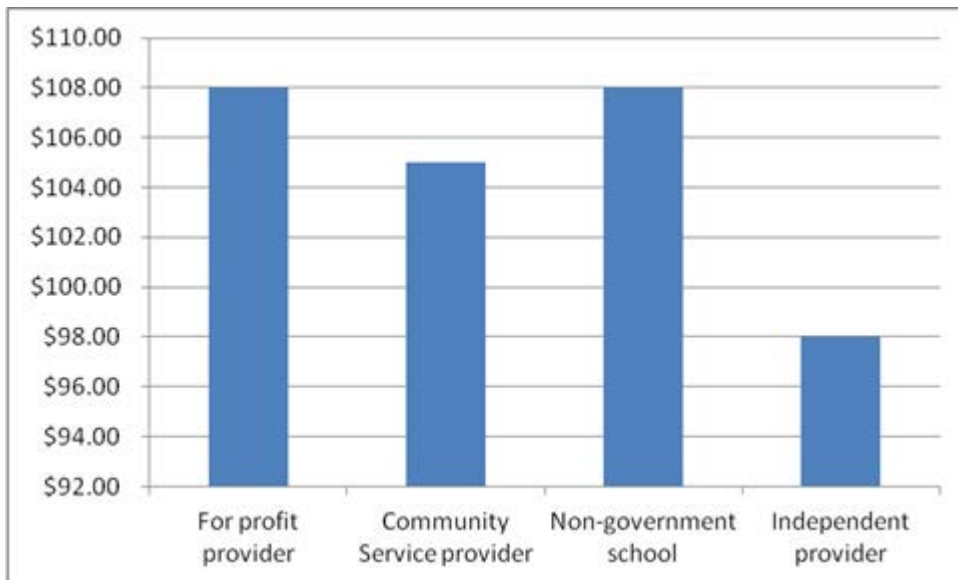


Fig 5A Costs per day of care in the ACT by Provider Type.

The cost in the ACT is significantly higher than the national mean of \$80.50 per day and confirms the data in the *2016 Report on Government Services* which indicated that the ACT had the highest costs for ECEC services nationally. When compared with the prices for ECEC services in other jurisdictions, the Review also found that the spread of prices in the ACT was narrower than in other jurisdictions, with the lowest costs higher than that available in other jurisdictions and the highest price in the ACT lower than that in other jurisdictions.

Figure 6 below contains a comparison of the year-on-year increase in costs of ECEC between the Australian states and territories. It is clear from this table that all jurisdictions experienced a significant change in the cost of providing services between 2010 and 2012 as

¹⁰ National cost figures, including for the ACT, are not available for 2016. This Review has calculated a 2016 cost from information available from service providers in the ACT.

the National Quality Framework was introduced. However, the increase in the ACT between 2010 and 2012 was already higher than the other jurisdictions and, even after the rate of increase moderated in NSW and Victoria by 2014, it remained significantly higher in the ACT¹¹.

¹¹ Table 3A.39 of ROGS Report.

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	AUST
2008 (\$)	328	316	292	298	310	284	358	292	310
2009 (\$)	344	335	310	323	327	298	373	296	327
2010 (\$)	346	324	301	318	301	301	385	307	318
2011 (\$)	356	329	303	324	303	318	398	313	318
2012 (\$)	385	369	323	352	333	341	428	337	356
2013 (\$)	404	390	339	376	350	362	455	359	375
2014 (\$)	408	402	351	378	371	387	483	381	381
2015 (\$)	425	420	363	405	383	395	493	400	400
2016 (\$)							516		

Fig 6 – Comparative change in the cost of ECEC based on ROGS Data – note 2015 costs only

The percentage rate of increase in the mean price of ECEC services in the ACT between 2015 and 2016 is estimated to be 4.7%. An increase of 4.7% represents a slowing in the rate of prices growth in the ACT from the levels seen between 2010 and 2014. Nevertheless this price increase is greater than the increase of either the Consumer Price Index (CPI) of 1.8% or the Wage Price Index (WPI) of 3.5% for the two year period between 2014 and 2015¹².

To aid consideration of the cost of services, the cost of ACT ECEC services is divided into price quintiles, as shown in **Figure 7** below, and then distributed the availability of ECEC places across the quintiles. These quintiles reflect price increases of approximately \$10 each and 86% of available places are distributed across the three central quintiles.

¹² ABS Wageprice Index cat. 6345 Various tables

This price range, when compared to the national mean, indicates that more than half of all services offered elsewhere across Australia are offered at a lower price than the lowest price service available in the ACT.

Prices in the lowest ACT price quintile range from approximately 2% to 13% above the national mean, and just 9% of available places in the ACT fall into this quintile. Almost half of all services in the ACT are priced at 27% above the national mean, with a further 22% of services at 39.4% above the national mean.

There is no doubt that the prices in the ACT are the highest in Australia and that the profile of services is similar to that seen in the more affluent regions of Melbourne or Sydney. The main difference between the ACT and these cities, however, is that there are so few lower cost services available, even at a proximity penalty.

<p>Quintile One – 9% of places available at a daily cost between \$82- \$91.70</p> <p>Quintile Two - 19% of places are available at a daily cost between \$91.71- \$101.40</p> <p>Quintile Three – 45% of places are available at a daily cost between \$101.41- \$111.10</p> <p>Quintile Four – 22% of places are available at a daily cost between \$111.11- \$120.80</p> <p>Quintile Five - 5% of places are available at a daily cost between \$120.81- \$130.50</p>

Fig 7 - Available ECEC capacity distributed across price quintiles

ISSUES

Long day care prices have historically been very high in the ACT and remain high. The weighting of places is at the higher end of prices. What options are available to increase the number of places available at lower costs?

4.6. COST IMPACT ON FAMILIES

The principal barrier to access to ECEC in the ACT and that the cohort of children in the ACT that would most benefit from LDC is the cohort whose parents can least afford it.

In assessing the financial impact of ECEC services on families, it needs to be noted that the complex operation of rebate and benefit schemes, primarily provided by the Australian Government can have a significant impact on the actual costs paid by a family. The Australian Government provides several subsidies, to assist parents with the cost of child care. Consequently, the important measure is the out of pocket cost impact of ECEC services on ACT families, rather than just the price charged for services.

To establish a comparable ACT cost, the 2016 Review compared the average daily cost of childcare in the ACT, of \$105 per day, to ACT income deciles with the national average daily cost of childcare, of \$80 per day, to national income deciles.

The cost impact on families at the lowest two income deciles of ECEC services in the ACT after the application of 2016 Australian Government rebates is 31.6% and 27.1%¹³ of disposable income respectively. This compares to the national averages of 23.4% and 19% respectively. This makes ECEC comparatively more expensive for families in the ACT than other jurisdictions. It is recognised that ACT disposable incomes are substantially higher on average than the national average, however, for the portion of ACT residents whose earnings are comparable with the national lowest deciles they are considerably more disadvantaged due to the higher cost of care in the ACT.

Figure 8 shows the estimated impact of the mean ECEC price of \$105 per day on families in the ACT both before and after subsidies, as a percentage of mean family disposable income¹⁴. **Figure 9** shows the same impact for the Australian average of \$80 per day. The figures demonstrate that while the first decile is the most significantly impacted, the relative cost impact is similar between the third and the sixth deciles.

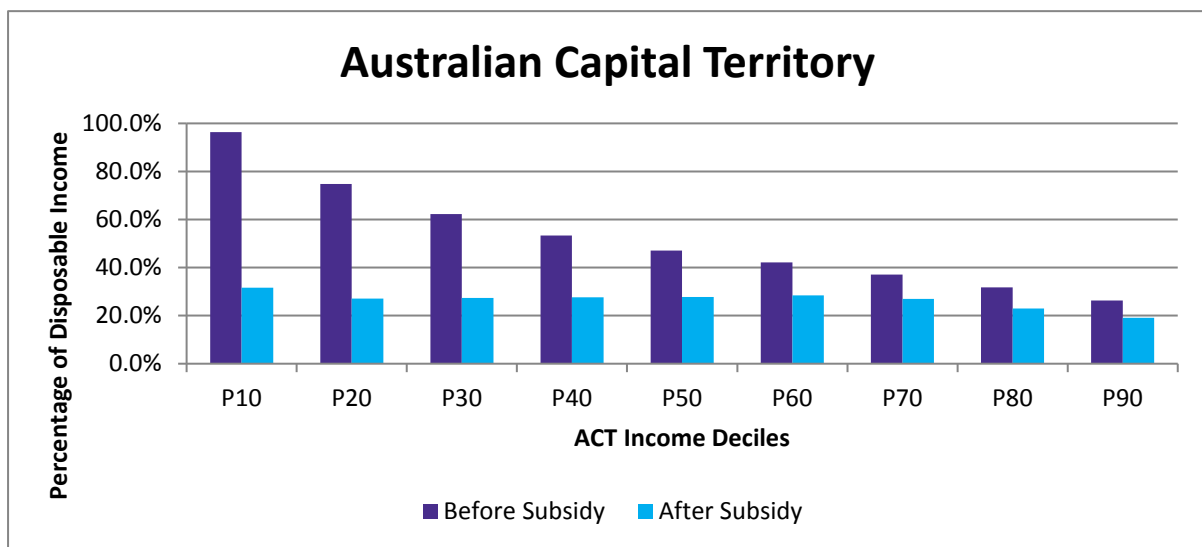


Fig 8 - Impact of mean ACT ECEC price of \$105 per day on mean disposable income after subsidies by % and by deciles (top decile excluded)

¹³ Calculations undertaken on behalf of the Review by ACT Treasury

¹⁴ Mean disposable income is derived from the Australian Bureau of Statistics publication 6523.0 Household Income and Wealth, Australia, 2013–14 Released September 2015

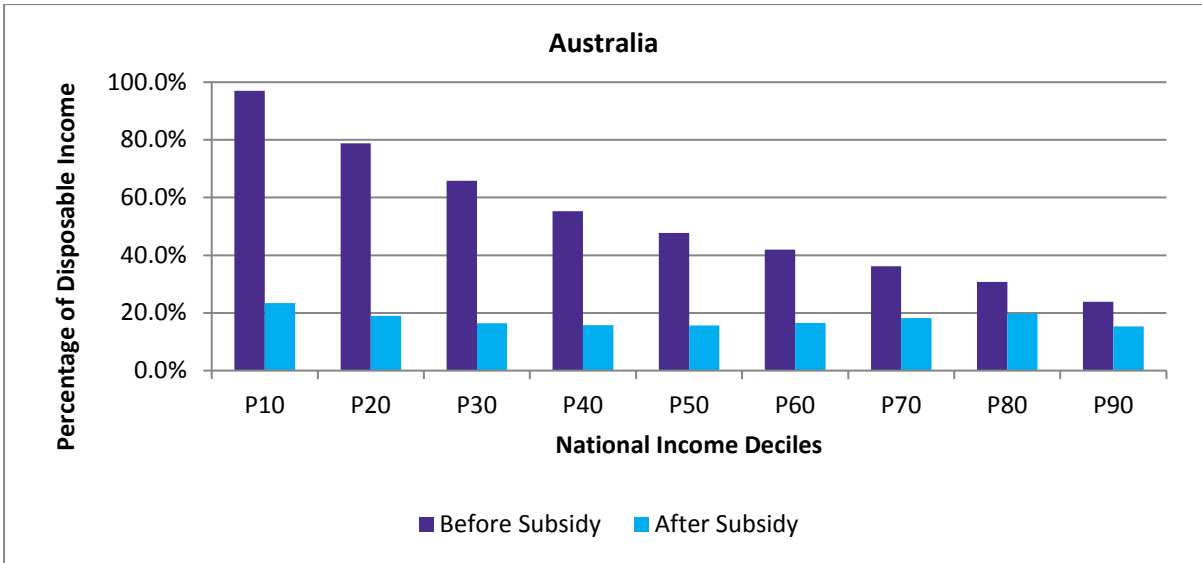


Fig 9 - Impact of mean Australian ECEC price of \$80.50 per day on mean disposable income after subsidies by % and by deciles (top decile excluded)

The impact on the mean disposable income of families is significantly sensitive to the price of ECEC and hours of care. With an ECEC price of \$72 per day, which is available in some Sydney based ECEC services, the impact on the mean disposable income of the lowest decile, in the ACT, would drop to approximately 13.6% of mean disposable income. For a child in three days per week of care, at \$105 per day, the proportion of disposable income paid by families in the lowest income quintile, in the ACT, drops to 16.3%.

Nevertheless, it should also be noted that the cost to families of ECEC in the ACT has consistently outpaced the growth in income and continues to do so. From 2008 to 2015, the cost of ECEC in the ACT increased at a significantly faster rate than wages – 37.7% versus 23.6%¹⁵.

There is a significant disparity between the ACT and other Australian jurisdictions in the availability of low cost ECEC. The relative absence in the ACT of lower cost ECEC at prices that are available in other jurisdictions would make it more difficult for families in the lowest two income quintiles to find affordable ECEC.

The cost of ECEC services for a large, for-profit, ECEC provider in the ACT that also has a national presence, shows that service providers will price differently in other jurisdictions and in different locations within jurisdictions. In this instance, the national provider made services available in Campbelltown in Sydney at \$80 per day and in Chatswood, also in Sydney at over \$140 per day, while the cost of services from same provider in the ACT were \$112 per day.

The distributed disadvantage in the ACT may work against the interests of low socio-economic families if ECEC service providers set prices according to an appreciation of the

¹⁵ ABS Wageprice Index cat. 6345 Table 3a.

overall status of a suburb or region. Further analysis of the extent to which ECEC service providers price their services according to the capacity of clients within the catchment area to pay would be beneficial.

5. QUALITY OF ECEC SERVICES IN THE ACT

The 2016 Review explored the levels of qualification of workers in the sector and progress against the implementation of the National Quality Framework.

A clear analysis of this aspect of ECEC is difficult because of the lack of suitable data. This is because the Australian Government collects the relevant qualifications data on the ACT and other jurisdictions through a census of service providers every three years. The most recent census was undertaken earlier in 2016. The Australian Government have advised that the data from this census will not be available until late 2017 or early 2018.

Despite the inability to gain access to current data on sector qualifications from the Australian Government it is possible to make some observations.

The domains of service quality that the 2016 Review considered were:

1. Performance against the National Quality Standards (NQS)
2. The level of qualification of workers in the sector
3. The extent to which services prepare children for school.

5.1. NATIONAL QUALITY STANDARDS (NQS) RATINGS

The NQS consists of seven quality areas, each containing standards and elements, that children's education and care services are assessed and rated against. The seven quality areas covered by the NQS are:

1. Educational program and practice
2. Children's health and safety
3. Physical environment
4. Staffing arrangements
5. Relationships with children
6. Collaborative partnerships with families and communities
7. Leadership and service management.

The five quality levels under the NQS rating and assessments process are:

- Excellent rating – awarded by ACECQA
- Exceeding National Quality Standard
- Meeting National Quality Standard
- Working Towards National Quality Standard
- Significant Improvement Required.

All services are qualitatively assessed for a rating by the ACT's Regulatory Authority, CECA, against each of the seven quality rating areas, and an overall rating though this may be provisional for those not yet assessed.

Figure 10 below shows the 2016 distribution of all 155 ECEC providers in the ACT, including those services provided by non-government preschools attached to a school, against the overall quality rating levels received under the National Quality Standard.

Overall Quality Rating of Long Day Care Centres and non-government preschools in the ACT

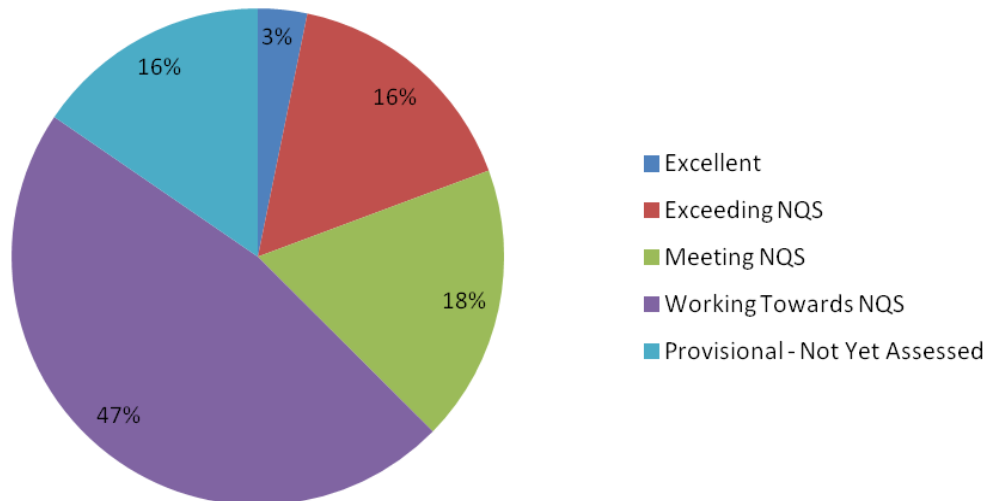


Fig 10 - 2016 NQS overall rating of ECEC service providers in the ACT

As at March 2016, there were 73 services with an overall rating of Working Towards NQS. It is important to note that this rating is for the overall rating of these services, and that for each of the seven quality areas, the ratings vary between a combination of Excellent, Exceeding, Meeting and Working Towards the NQS. The National Law stipulates that a failing in one element leads to a Working Towards NQS rating. As such, six services received the overall rating of Working Towards NQS where just one of the seven quality areas received this rating, meaning they were assessed as either Meeting or Exceeding NQS for the other six quality areas. There are just five services that are rated as Working Towards NQS across all seven quality areas. **Figure 11** below shows the number of quality areas rated as Working Towards NQS by number of services.

Number of quality areas rated as Working Towards NQS	Number of services ACT within the NQS Category
1 quality area rated as Working Towards NQS	6
2 quality areas rated as Working Towards NQS	13
3 quality areas rated as Working Towards NQS	17
4 quality areas rated as Working Towards NQS	13
5 quality areas rated as Working Towards NQS	10
6 quality areas rated as Working Towards NQS	9
7 quality areas rated as Working Towards NQS	6

Fig 11 - Number of ECEC services, by number of quality areas rated as Working Towards NQS 2016.

There are five service providers that have achieved the Excellent rating which is only awarded by the Australian Children’s Education and Care Quality Authority (ACECQA) upon application. Three of these services are a non-government preschool attached to a school and one is a work-based service for a specific employer. The remaining service is run by the University of Canberra which employs pre-service teachers from the student cohort studying for the Bachelor of Education (Early Childhood) course. All five of these services existed prior to the introduction of the NQS in 2012.

All of the ACT LDCs operating prior to 2013 have been assessed against the NQS and provided an overall rating since the introduction and implementation of the NQS in 2012. The twenty-one services operating under a provisional rating, due to not yet having been assessed under the NQS, are relatively new to the ACT ECEC market and all entered between 2014 and 2016. There are a further three non-government preschools that are operating under a provisional rating though are new to the ACT ECEC market in 2016.

5.2. QUALIFICATIONS OF WORKERS

The Early Childhood Education Chapter of the *2016 Report on Government Services* indicated that the ACT had the lowest level of qualified workers nationally with 50.6% of primary contact staff working in the ECEC sector in the ACT being with a relevant qualification, as shown in **Figure 12** below. A weakness of the ROGS data is that it is from 2013, the second year of operation under the NQF, at the point of publication and so gives

little indication of progress towards a target, in this case qualifications, in the intervening period.

Paid primary contact staff employed by Australian Government Child Care Benefit (CCB) approved child care services, by qualification Proportion of primary contact staff, by qualification and experience (2013) ¹⁶								
	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
With a relevant formal qualification at or above Certificate level III	73.5	79.8	76.5	68.9	70.1	75.4	50.6	53.2
All staff without a relevant formal qualification at or above Certificate level III	26.5	20.2	23.5	31.1	29.9	24.6	49.4	46.8

Fig 12 - Primary contact staff employed by Australian Government CCB approved child care services, by qualification and, proportion of primary contact staff, by qualification and experience

Using 2016 data provided by the ACT Long Service Leave Authority on the distribution of workers across the sector against the classifications in the Children’s Services Award 2010, to derive an estimate of the current qualification levels¹⁷.

Figure 13¹⁸ below shows the distribution of workers across the Award classifications. The salary point at which qualifications are recognised by the Award, and determine the minimum pay for the relevant workers, is at Award level 3.4, which is immediately before level 4 in Figure 11 below.

Should this distribution of workers across the Award classifications reflect the associated qualification levels specified in the Award, 1,924 of the 3,227 full time workers in the sector, or approximately 59% could now have achieved the relevant qualifications at or above Certificate level III. This would represent an estimated improvement of 8.4% on the 50.6% figure reported on 2013 data. It should be noted that this derived estimate does not include part time, or casual workers, and will need to be considered with against Australian Government data when it becomes available.

¹⁶ Excerpt adapted from Table 3A.45 of 2016 ROGS Report

¹⁷ Source: ACT Long Service Leave Authority

¹⁸ Industry level data provided by the ACT Long Service Leave Authority

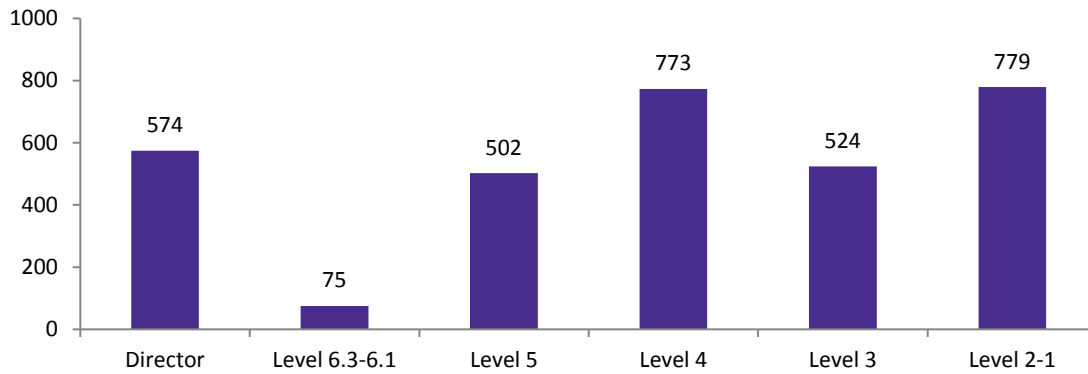


Fig 13 Distribution of full time workers across Children's Services Award classifications by number

Figure 14 below provides the same information by percentage of worker at each classification level.

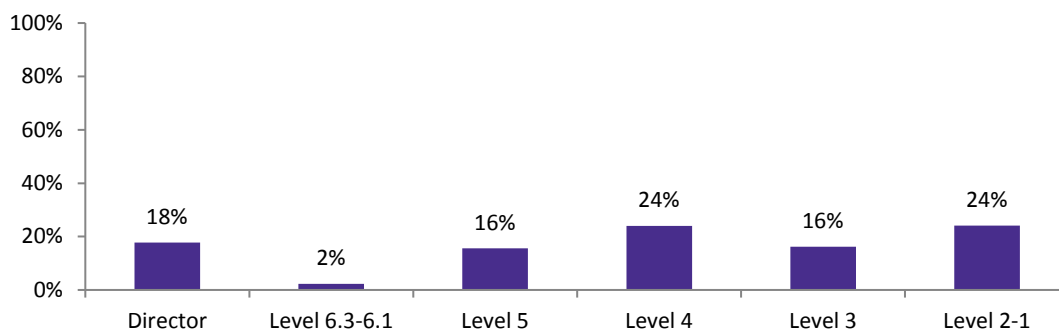


Fig 14 - Distribution of full time workers across Children's Services Award classifications, by percentage

The possession of relevant qualifications are a proxy for the capacity of workers in any industry to meet the operational and other requirements expected of workers in that industry. The ECEC sector is no different.

5.2.1. MORE THAN JUST POSSESSION OF QUALIFICATIONS

However, qualifications are only a proxy and performance on the job is a function of the relationship between skills, experience, aptitude and strength of vocational intention. Participants from the ECEC sector at the 1 July 2016 Forum made a number of comments about the training, skills experience, aptitude and vocational intention of workers in the sector. One service provider made the point that *'students enter training with the ideal that "we love children"; but often do not have a realistic view or expectation as to how to handle law, regulations and procedures.'*

A similar point was made by the ACT's Regulatory Authority, in relation to investigations of people who have harmed children in the course of their work. In many cases the Regulator found that this cohort of workers was not as well informed or prepared as they needed to be to manage children in a professional setting. This is despite the fact that they were

formally qualified. In other words, for some people the Cert III has not had a sufficient impact on the quality of the service provided.

While the aptitude, experience and vocational intentions of workers is important, the training is also important. Service providers that are the clients of training providers had mixed views about the quality of the training provided. These views included concerns about the differing standards applied by Registered Training Organisations (RTOs) that resulted in educators that were not suitably qualified for the job, despite the formal qualification.

These points were echoed during the 1 July 2016 Forum, and expanded to suggest that it was not simply a question of poor quality RTO's and training providers, but that the issues extended to compressed qualifications and short tracked diplomas and Certificate IIIs. Forum participants noted that the Canberra Institute of Technology qualifications were valued more highly than those achieved through other RTOs, and also that those without the appropriate visas were obtaining qualifications from cheaper, often online, RTOs and that the skill levels of these workers were not high enough.

The Review considers that there would be value in exploring the potential to include more on the job exposure to real conditions as a part of training for ECEC workers and that this should to happen earlier in training so that students can work out if this line of work is really for them.

Other comments related to the gap between qualifications and the ability to do the job – noting that 'qualifications don not equal experience' and that there needed to be a balance between qualifications and on the job experience. Forum participants also noted that on the job experience needed to be with high-quality providers, and be of appropriate length.

An improved professional regulation framework could provide a better structure for ensuring that ECEC educators obtain and maintain suitable knowledge and skills. One option to achieve this is extending the statutory framework of the Teacher Quality Institute to be amended to recognise early learning qualifications and staff who teach early learning in long day care settings in the same way that NSW has amended its framework. This role could also be extended to give the Teacher Quality Institute responsibility for registering qualified ECEC teachers in the ACT.

The difficulties in attracting and retaining suitable workers flows through to the quality of services provided. A number of service providers at the 1 July 2016 Forum commented on the issues created when people entered the sector with no particular interest in or aptitude for ECEC, but because there was a lack of opportunities elsewhere in the economy.

A further issue was raised with the 2016 Review that ACT tertiary institutions require those studying to achieve early childhood and primary tertiary qualifications to complete their

preschool practice at a Government school. Consequently, in some circumstances this placement requirement forces staff to either take leave away from their employers for an extended period of time or to leave their employer. There is room for additional work to consider the role of the ACT Government with regard to evidence of qualifications.

A comparison of the provisions of the ACT *Teacher Quality Institute ACT 2010* and the commensurate Victorian and NSW laws shows that Victoria and NSW recognise experience in r both schools and early childhood education services. The ACT's scheme, in contrast, only considers schools as established by the *Education Act 2004*. The clear difference in statutory provisions provides grounds to Review the interaction of the ACT's teacher accreditation law with the National Law to ensure that there is equal opportunity for students and providers.

Anecdotal evidence has indicated a professional preference for child care staff to pursue tertiary qualifications over Certificate and Diploma qualifications. Once these child care workers enter the tertiary stream it is widely perceived that their aim becomes to enter the school system due to an increase in earning capacity.

ISSUES

There are opportunities to improve professional recognition of tertiary qualifications in the ECEC sector. There is also an opportunity to re-examine what constitutes best practice delivery of Cert III and Diploma qualifications.

6. OTHER FACTORS THAT INTERACT WITH COST AND QUALITY OF ECEC SERVICES IN THE ACT

The high cost of ECEC services in the ACT, when compared with other jurisdictions, along with the lowest proportion of qualified workers nationally, are likely both due to the complex interaction between a shortage of suitable workers, the historical structure of the sector in the ACT and through the interaction of the ECEC sector and the ACT Government's preschool service. These factors exist in an environment where the size of the sector has been changing rapidly, as has been the community's expectation of ECEC services, driven in part by the introduction of the National Quality Framework.

Additional factors that contribute to the current situation is the relatively even social distribution of the ACT population, particularly of disadvantaged families, geographical spread and concentration of services and related consumer preferences, and a view that the ACT has a 'naturally' high cost structure and that high prices for services are to be expected.

The key input costs for services relate to staff wages and both the initial and ongoing costs of infrastructure. The choice of approach to wages and infrastructure providers and services use is also connected to the historical layers of the sector, as well as physical location of services.

The Review was of the view that the high price of ECEC services in the ACT is the biggest single barrier to more children accessing the services. This is particularly the case for children excluded by price, and who are the very cohort likely to benefit the most from access to structured early childhood education.

Earlier sections in this paper separated out the various factors that impact on the cost and quality of services in the ACT and examined their nature and contribution to the overall outcome for ECEC services in the ACT. The 2016 Review explored the reasons for the high cost of ECEC services in the ACT, relative to other jurisdictions. Further analysis is required however some useful observations can be made.

6.1. GOVERNMENT SUPPORT AND CHANGES IN DEMAND OR NEED

In 2012 the ACT Government invested in early childhood education and care to support the sector to address an under supply of places and the introduction of the Education and Care Services National Law. The National Law essentially remodelled the regulatory framework of all State and Territory regulators into one Federal model. At the same time, the ACT was experiencing high demand for long day care places.

The ACT Government's 2012 *Delivering Quality Early Childhood Education and Care* supported the sector with \$15.2 million worth of capital upgrades of government properties used by Government and non-government services. A component of this money was also available as infrastructure grants to all services to meet the National Quality Framework.

There are three tiers of rent the ACT Government charges for this infrastructure: zero rent, a community based rent and full profit rent. At the beginning of 2017, 31 non-government services operated in Territory owned facilities for zero rent. 9 services are charged a community based rent, and 5 services are charged at commercial rates.

In 2012 the Government's focus was to ensure growing demand was met and at the time adopted an approach to rent on non-school sites that effectively subsidised long day care services. While this approach supported the provision of services, a long-term approach to the use of this resource was not considered. For example, the effect of this subsidy is that it is not available to the sector across the board at all times, nor is it linked to obligations for lower fees or increased access.

However, 5 of the 31 services offer a daily cost at below, or in, the lowest quintile. 8 services offer a daily cost in the second lowest quintile. 15 services offer a daily cost in the mid-quintile and two services offers a daily cost in the second highest quintile. One services daily costs are unknown. (See **Figure 7** for quintiles.)

Services operating from Government properties are responsible for the maintenance of these facilities which can be relatively old. The total value of the rental benefit was calculated as being worth \$1.89m per year in 2016 dollars.¹⁹

It should be noted, that the licence arrangements that support these tenancies generally require the lessee to pay for the cost of maintaining the premises. Given the variation in the ages of these facilities the cost of maintenance can also vary considerably.

6.1.1. VARIABLE PRESSURES ON PRICE

Some community sector not-for-profit providers use a model that applies their surplus income from early childhood education and care to other community services. This type of model applies market rates for ECEC services. The resulting surpluses are then redistributed according to the provisions of the articles of association that govern the operations of these entities. In practice, surpluses are directed to other community services within their organisation that assist other parts of the ACT community.

¹⁹ Value of community rent represented by peppercorn leases provided by ACT Property Group

It is an accepted model that enables redirected surpluses to be used to improve social outcomes elsewhere in the ACT. However, this practice engages a number of issues that warrant deliberate consideration by government and the community:

1. Competition policy –whereby some service providers are treated differently dependent on the tax status of the entities involved.
2. Opportunity competition – whereby the redirection of surpluses derived from favourable government treatment may not be the most effective use of those resources from a whole of society perspective.
3. Opportunity dissipation – whereby the surplus benefits derived from favourable government treatment are eroded due to inefficiencies that arise from reduced competitive pressure.

This issue also relates to considerable differences in salaries paid by different sector categories, as shown in **Figure 15** below²⁰. The for-profit category pays the lowest salaries and, when assessed against the distribution of workers across Award categories, indicates that the for-profit sector, representing approximately 1/3 of total sector capacity, pays close to the rates specified in the *Children’s Services Award 2010* for its workers. The community service, not-for-profit category, also representing approximately 1/3 of the sector pays its workers, on average, 14.5% more than the for-profit sector, which would indicate average salaries for this category are considerably above the Award.

Non-government schools and the independent not-for-profit category both show average salaries higher than the for-profit sector.

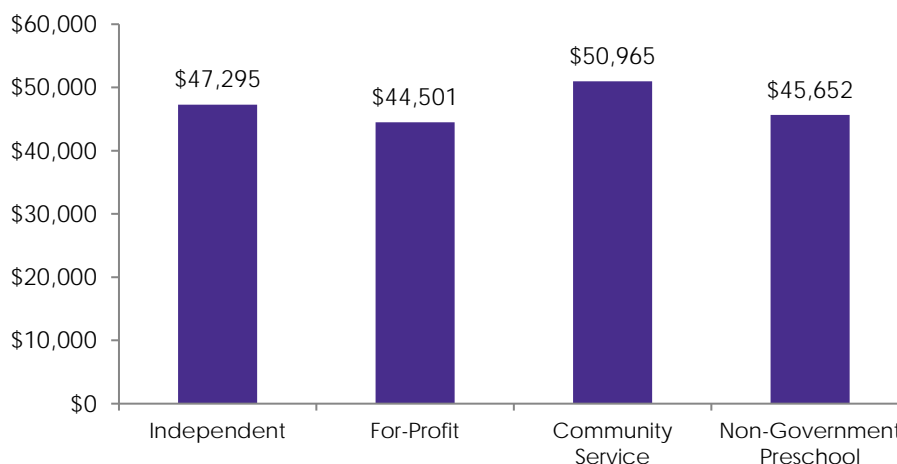


Fig 15 Comparison of the average annual wage paid to ECEC workers by category of service provider

²⁰ Average salary figures for 2015 provided by the ACT Long Service Leave Authority

The analysis above supports the advice provided to the 2016 Review through the 1 July 2016 Forum that some service providers are paying higher than Award salaries. The Review notes that many service providers have indicated that enhanced conditions of service, in addition to higher wages, are provided to workers as attraction and retention measures. Enhanced employment conditions will have an impact on total employment costs, but the impact cannot be determined through salary figures.

The Review also explored for relationships between the prices charged to clients for ECEC services and the levels of wages paid, excluding non-government schools, which operate in a different price category and with a different business model. This analysis shows in **Figure 16** below, that while the for-profit providers pay the lowest wages, they charge the highest prices for their services, resulting in the lowest ratio between prices charged and wages paid of all of the sector categories by a considerable margin. On the other hand, not-for-profit service providers demonstrate the highest ratio between prices charged and wages paid. The figure indicates that the for-profit providers only need to have 1.61 children in full time care per employee to cover wage costs while not-for-profit providers require 1.9 children per employee.

ECEC Provider Category	Average Weekly Price	Average Weekly Salary	Ratio between Average salary and average price
For-Profit Providers	\$528.44	\$853.05	1:1.61
Community Not-for-profit Providers	\$512.90	\$976.96	1:1.90
Independent Not-for-profit Providers	\$464.72	\$906.61	1:1.95
Non-government School Providers	\$562.50	\$875.12	1:1.56

Fig 16 Ratio of prices charged to wages paid by ECEC service provider category

Final Rating	Assessment and Rating Count							
	Private not for profit community managed	Private not for profit other organisations	Private for profit	State/Territory government schools	Independent schools	Catholic schools	Other	Total
Significant Improvement Required			1%					1%
Working Towards NQS	13.5%	3.5%	8%	3%	2%	2%		30%
Meeting NQS	14%	1.5%	5%	2.5%		.5%		24%
Exceeding NQS	12%	2.5%	4%	19%	3%	1%		42%
Excellent	.5%				1.5%		.5%	2.5%
Total	40%	7.5%	18%	25%	6.5%	3.5%	.5%	100%
*all percentages are rounded to the nearest .5								
~ provider management type is based on information held in the NQAITS								

Fig 16A Proportion of rating as a percentage of the cohort by Management Type: Source ACECQA.

When compared to quality ratings for each provider category there is an association between quality and better conditions.

The spread between the lowest and highest prices available in the ACT is considerably narrower than in other jurisdictions. The narrow spread of prices does suggest that there is less competitive pressure in the ACT than in other jurisdictions.

6.2. INTERACTION WITH THE ACT GOVERNMENT PRESCHOOL PROGRAMS

The number of 0-2 year olds placed in ECEC services in the ACT is substantially higher than in other States and Territories. The NQF requires a higher staffing ratio for children aged 0-2, than for older age cohorts. Higher staffing ratios inherently results in higher costs. This increased demand for 0-2 year olds is likely to increase the average cost in the ACT. While it would be difficult to measure the impact of this, this compositional anomaly in the ACT is relevant **Figure 17** below outlines the proportion of children attending ECEC by age and shows different composition of ACT ECEC compared to other States and Territories²¹.

Cohort Groups	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Aust
0 years (%)	9.5	11.1	11.4	7.5	9.4	11.0	15.3	7.0	10.1
1 years (%)	39.1	41.1	44.3	31.6	39.1	41.6	54.6	27.5	39.7
2 years (%)	58.8	54.4	59.7	43.8	51.5	50.3	67.2	35.1	55.1
3 years (%)	67.9	59.1	67.3	46.8	58.7	58.4	71.9	39.0	61.8

Figure 17 – Distribution of children by age cohort across jurisdictions

The ECEC sector advised the 2016 Review that one of the primary drivers of cost in the ECEC sector is the intersection between the ACT Government preschool program and the ECEC services. In essence, the view put was that the success of 15 hours of free preschool per week reduces the numbers of four year-olds from ECEC centres and that four year olds are most 'profitable' cohort of children due to much lower staffing ratios required for four year-olds. Consequently, the higher numbers of younger children combined with lower numbers of four year-olds creates in a higher cost profile.

The resident population of four year old children in the ACT in 2015 was 5193²². In 2016, there were 4,456 children enrolled in ACT Government preschools (a very small number were 3 years old due to the provisions of early entry schemes). A further 1,213 were enrolled at preschools associated with non-government schools, for a total preschool enrolment of 5,669. (The total does not match the ACT resident population primarily due to enrolments from NSW.)

Enrolments at non-government school associated preschools tend to involve wrap-around services, which mean that these children are no longer likely to be clients of other ECEC service providers. Children attending Government preschools however receive 15 hours of

²¹ Table 3A.19 of ROGS Report 2016.

²² 3101.0 Australian Demographic Statistics Table 58. Estimated Resident Population by Single Year Of Age, Australian Capital Territory

free education and care per week, expressed as two or three days between 9:00 and 3:00pm each week. Families and carers need to make alternative arrangements for the remainder of the week.

The overall proportion of 4 year old children at Government preschools is very high, approximately 90% of the total available population of 4 year olds. This is considerably higher than the proportion of children who attend ECEC services prior to becoming eligible for preschool. This can be for multiple reasons, including cost, and parental choice.

Some of these attending Government preschools children have part time places at ECEC service providers for the period outside the 15 hours, while the parents of others make their own arrangements. While this arrangement does indeed impact on the cost structures of ECEC service providers, it has been stable as a proportion of 4 year olds removed from the care of ECEC service providers for a number of years. **Figure 18** below shows the share of preschool enrolments in the ACT between 2009 and 2015 by school sector²³.

Census Year Enrolments	Total Gov' Preschool	Total Non-gov Preschool	ACT 4 yr old population	Public Preschool (%)	Non-gov Preschool (%)
2009	4033	514	4363	92	12
2010	4260	585	4679	91	13
2011	4346	820	4583	95	18
2012	4477	873	4740	94	18
2013	4583	956	4998	92	19
2014	4873	999	5213	93	19
2015	4740	975	5195	91	19

Fig 18 Preschool enrolments in the ACT by school sector 2009-2015

The one area where it is less stable is in the numbers of children enrolling in non-government school associated preschools. The total enrolment in Government and non-government preschools shows a total increase of approximately 1,200 places between 2008 and 2015. Of this increase, the Government preschool proportion has been steady, but the

²³ These figures do not add up to 100% due to the numbers of cross border enrolments

proportion of eligible children entering non-government preschools has risen by approximately 5% of the eligible children over the last six years.

Given that non-government preschools tend to provide a ‘wrap-around’ service beyond preschool hours, increases in their proportion of the total share of preschool places will have a disproportionate impact on the ECEC sector as these children are not available to attend ECEC services outside preschool hours, which is the case with regard to ACT Government preschools.

Another aspect of the interaction between ACT Government preschools and the ECEC sector in the ACT raised in the 1 July Forum is the competition for workers between the ECEC sector and the Government preschools. **Figure 19** below shows the workforce employed in ACT Government preschools.

ACT Government Preschool Workers	Total FTE	Total Headcount
School Network		
BELCONNEN NETWORK Total	63.11	81
NORTH & GUNG NETWORK Total	65.67	81
SOUTH & WESTON NETWORK Total	53.41	66
TUGGERANONG NETWORK Total	61.93	81
Grand Total	244.12	309

Fig 19 ACT Government workers in preschools

Salaries for workers in ACT Government Preschools range from School Assistants, Level 3 \$49,556 - \$53,355 to Teachers \$64 089 - \$95,935, with the significant majority of these workers being teachers. These salaries compare negatively to the average of \$48,561 applying in the ECEC sector and are one of the primary reasons, along with conditions of service that the ECEC sector loses workers to the preschool sector.

Forum participants made comment the 2016 Review that the ECEC sector struggled to compete with wages and conditions offered by Government and non-Government schools.

Despite the relatively low numbers of workers in the Government preschool sector, Government and non-Government schools represent an employment path for workers in the ECEC sector and that this cost is a contributor to the overall cost of ECEC services in the ACT.

The Review notes that the ACT is one of only a few jurisdictions that provide preschool services in such a distinct, and separate, way from the delivery of ECEC services. In NSW, these services are integrated into those provided by long day care centres. As a consequence delivery of education care services to four year olds in the ACT involves two systems working side by side.

There is a great opportunity to coordinate the connections between these two systems.

ISSUES

The ACT has had great success in achieving universal access to preschool. However, there is a disconnection between preschool programs run in schools from programs run in non-school services. There is an opportunities to coordinate and integrate the two streams.

6.3. MATCHING SECTOR CAPACITY TO NEEDS AND DEMAND

Any level of underutilised capacity in the provision of ECEC services in the ACT also represents underutilised assets. Underutilised assets, in whatever form they manifest, lead to an increase in the cost of providing a service which, in turn, will impact negatively on the ACT community. A number of the participants at the 1 July 2016 Forum advocated that the Government should use statutory land planning and approval processes to restrict the entry of new ECEC capacity into the ACT market. However, there are a number of significant risks in attempting to use development controls to manage capacity against need and demand for a service, particularly where increases in the supply of that service have a long lead time.

The ACT's planning laws are designed to facilitate land use for purposes that ensure all of the needs of the community are met. The laws set the rules around land use and the management of land as a whole Territory. They are ill-suited to regulate markets.

Planning laws in Australia are also areas of higher frequency of litigation around the merits or de-merits of planning proposals. The considerable sums of investment involved in such matters can lead to expensive litigation relative to the policy goal of capacity management.

There is merit, however, in considering how the Government could assist education and care providers to understand the capacity of the sector when considering expansion or contraction of services. There may also be merit in the Government partnering with the sector as a whole to agree on criteria that would trigger a flag of capacity risk in either undersupply or oversupply.

The Government also has a responsibility to ensure that sector capacity also provides access to children who most need it but cannot afford it.

6.3.1. WILL THERE BE INCREASED DEMAND FOR SERVICES?

The primary source of demand for ECEC services in the ACT is from children born here.

Figure 21 below shows birth data for the ACT from 2008 to 2015. Average growth over that period is a little over 5,000 per year and the number of ACT resident children available to participate in ECEC services in the ACT is not growing at a rate that will bring the demand for, and supply of, places into equilibrium.

Year	2008	2009	2010	2011	2012	2013	2014	2015
Births	4,744	4,832	4,953	5,083	5,282	5,332	5,058	5,220

Fig 20 - ACT Birth-rate between 2008 and 2015

Using the growth in births as the sole source of future demand, the 2016 Review found that an oversupply of ECEC places in the ACT is likely to continue for some years. Participants at the 1 July 2016 Forum supported this assessment and advised that numbers on waiting lists amongst centres in the ACT are dropping.

While an increase in births in the ACT will not be sufficient to impact materially on the current and anticipated oversupply of places, there are regional differences. Birth rates are considerably higher in the North Canberra/Gungahlin region and have begun to increase in the South Weston region. As a result, the supply of places will vary region, by region, although it should be noted that a significant proportion of families will prefer services located close to their workplaces, rather than close to their homes, which means that any regional variation will be somewhat muffled by this effect.

Figure 21 below shows the number of births across the ACT by the four school networks.

Births By School Network

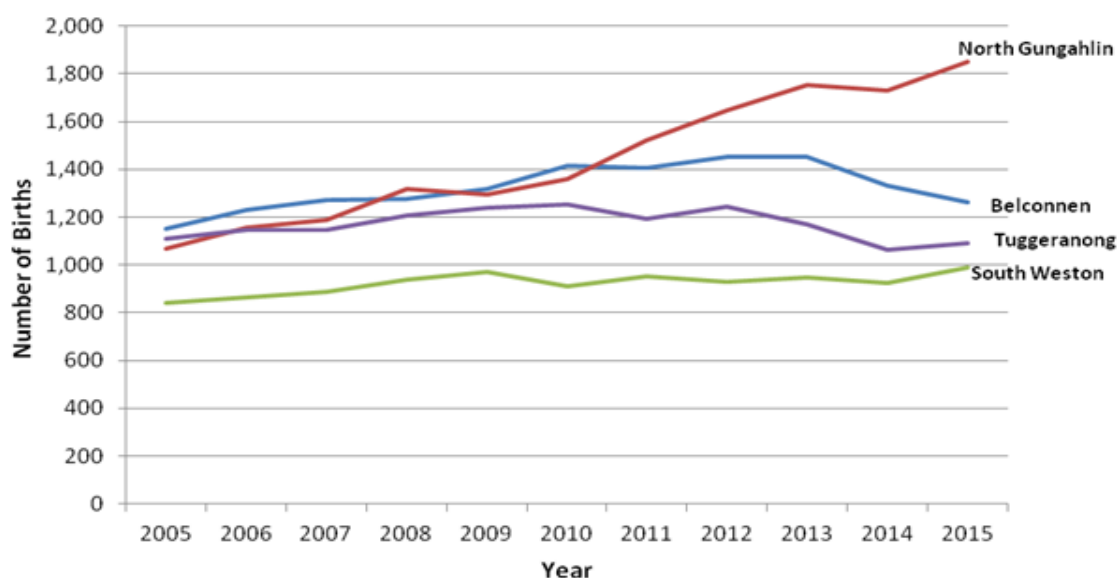


Fig 21 - ACT Births by School Network between 2005 and 2015

There is a further source of potential demand for places in ECEC services. This comes from those families and children who either do not currently access ECEC services, primarily due to the cost of services, or who only partially access services.

The Community Services Directorate of ACT Government purchases approximately 77 education and care places year to year to ensure that for children in a crisis context could have access to quality education and care.

While this important program provides access for children in the most acute need, it does not account for all children who would benefit from quality education and care because of their life circumstances.

Figure 22 shows the number of children using child care by service type and state and territory, June quarter 2015.²⁴ It is possible that there are families based in NSW that access these services in the ACT. However, for the purposes of this Report, access by NSW families will not be taken into account.

²⁴ Early Childhood and Child Care in Summary – June Quarter 2015 Source: Department of Education and Training administrative data

Service type	NSW	Vic.	Qld	SA	WA	Tas.	NT	ACT	Australia ²⁵
Long Day Care	220,620	144,910	156,680	39,910	52,510	11,040	5,150	14,160	643,810
Family Day Care and In-Home Care	82,280	79,220	36,950	11,690	14,420	4,750	500	3,090	220,850
Occasional Care	2,390	2,620	640	120	970	130	0	150	7,010
Outside School Hours Care	120,230	90,490	92,370	36,570	29,750	7,640	3,840	10,570	391,150
Total ¹	413,410	309,050	278,560	85,810	92,980	22,110	9,380	27,250	1,224,170

Fig 22 – National distribution of care by type²⁵.

Of the 14,160 children accessing LDC in the ACT, a little over 40% access the services for 30, or more, hours per week, as shown in **Figure 23**²⁶.

²⁵ As children may use more than one service type in more than one state or territory in any particular quarter and due to rounding, the sum of the component parts may not equal the Total

²⁶ Early Childhood and Child Care in Summary – June Quarter 2015 Source: Department of Education and Training administrative data

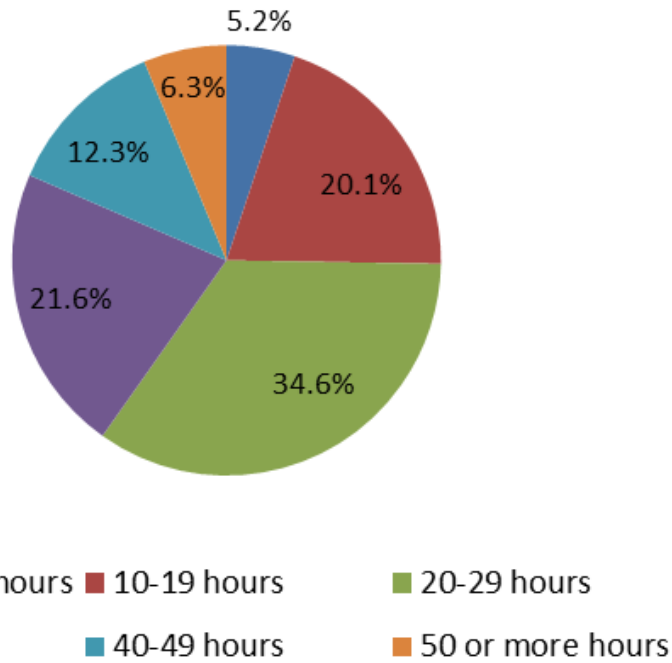


Fig 23 – National distribution of ECEC service use by hours used

The table at **Figure 24** below shows the cohort of children resident in the ACT that are eligible for ECEC services. Determining the total potential market for ECEC services is difficult and requires judgements to be made about families intended behaviour, choices to suit family circumstances and about the responsiveness of demand from changes in price. On that basis, it is not reasonable to suggest that the market for ECEC places is 27,264²⁷.

Age in Years	Jun-2011	Jun-2012	Jun-2013	Jun-2014	Jun-2015
0	4946	5278	5508	5575	5598
1	5085	5055	5319	5494	5598
2	4859	5139	5106	5310	5558
3	4659	4983	5164	5126	5317
4	4583	4740	4996	5202	5193
0-4	24132	25195	26093	26707	27264

Fig 24 - Estimated residential population of the ACT, by year cohort

²⁷ ABS Publication 3101.0 Australian Demographic Statistics Table 58. Estimated Resident Population ACT

Currently 14,160 use ECEC services to some extent, and a further 3,090 use Family Day Care services. It can reasonably be assumed that amongst all the families who do not access ECEC services, or who access them on a limited basis, there are those that will actively choose to keep their children at home with the family, or through a personally arranged family-like arrangement, regardless of the availability, or cost, of formal ECEC services. While approximately 10,000 children do not access formal ECEC services it is difficult to assess the percentage that do not access the services based on cost.

Based on an analysis²⁸ of the proportion of families that are marginalised and or suffering from deep and persistent disadvantage, up to 2,970 children in the ACT may be excluded from access to ECEC services by a combination of price and social marginalisation factors. There are likely to be a number of other children who are not in this category and may not be able to access ECEC due to cost.

In determining the extent to which clients who currently use ECEC services for less than, say 40 hours a week, or who do not use ECEC services at all it is necessary to estimate the proportion of those who would increase their use of the service, if they could meet the cost. In other words, how elastic is the demand for services.

As mentioned above, the Community Services Directorate purchases some 21,000 hours of ECEC services in the ACT to provide short-term care support for families who, for a number of reasons, are not able to purchase support from elsewhere, or provide it themselves. This purchase is in the form of guaranteed places for children if they are required, meaning that the service provider must keep the purchased number of places available, and is paid to do so.

The price for these services is \$72.50 per day, which is considerably below both the lowest available commercial rates and is only 68% of the ACT mean price for ECEC services. The price charged is likely to represent a figure close to the marginal cost of providing an ECEC service in the ACT.

6.3.2. REDUCING THE SUPPLY OF SERVICES

The other means of addressing an over-supply of places in the ECEC sector is to reduce the number of places available.

If left entirely to the operation of market forces, a balance between the supply of ECEC places and the demand for these places would be accomplished by service providers operating in the higher cost band, or with the lowest levels of capital reserves, being unable to compete with better resourced, more efficient, or better located, service providers and leaving the market. A concentration of service providers resulting in an oligopolistic market condition will be adverse to community interest.

²⁸ Marginalised Australians: Characteristics and Predictors of Exit over Ten Years 2001-2010

6.4. WAGES COST

Wage costs in the ECEC sector in the ACT appear to be driven by a combination of factors. In attempting to understand why the cost of ECEC services in the ACT are consistently higher than those in other jurisdictions, the Review Team recognises that there are several drivers of cost and at this stage of the Review has focused on the cost impact of wages. Wages are the largest single contributor to the cost of an ECEC service and as such, the cost of delivering ECEC services are more sensitive to the cost of wages, and to any change in the cost of wages, than to any other single factor.

6.4.1. IMPACT OF A CHANGING WORKFORCE

A number of service providers indicated to the 2016 Review that there is significant competition in the sector for workers, and that vacancies are difficult to fill. More than one source has suggested that there can be up to four times more suitable applicants for each vacant position in NSW as there are in the ACT.

The ACT has the highest levels of workforce participation in Australia, including the highest levels of female workforce participation, and low levels of unemployment. These are both factors that are likely to drive competition for scarce workers. Finally, ECEC workers are traditionally paid relatively low wages and, in the ACT, there are many alternative sources of higher paid work for those workers who choose and are able to access them.

An unusual feature of the market for ECEC services in the ACT is that while there is an over-supply of places there is a shortage of workers. Data provided to the Review shows an increase in total worker numbers (all workers, including part-time and casual) of 253% from 2,475 to 8,734 between 2010 and 2015 as shown at **Figure 25** below. This growth rate is extremely high and it should be noted that across the whole of the ECEC sector 70% of workers are part-time or casual.

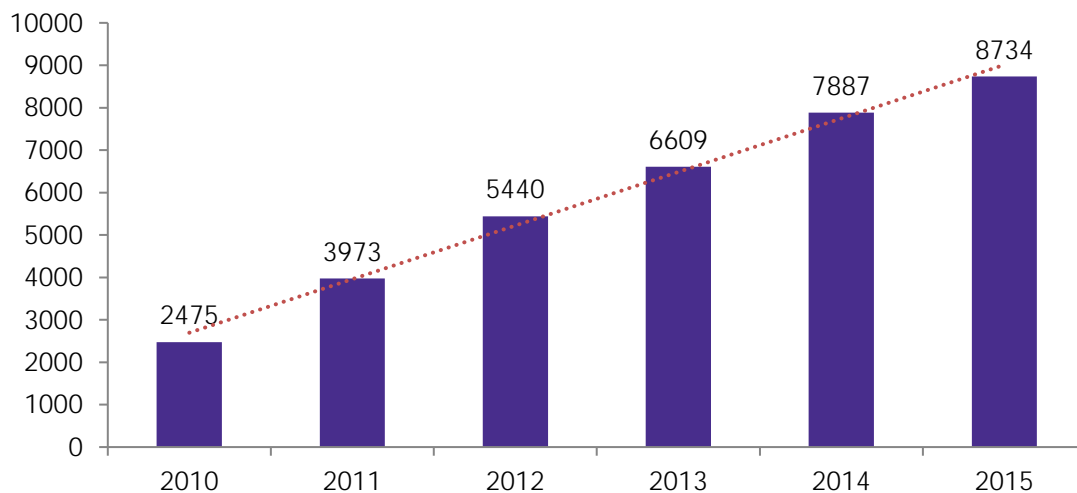


Fig 25 Worker Growth head count only – Long Day Care Centres between 2010-2015

There are some differences in the mix of part time and full time workers between the different categories of the sector, with the independent not-for-profit category tending to have a higher proportion of full time workers and the for-profit and community not-for-profit categories tending to have a higher proportion of part-time workers.²⁹

Growth in worker numbers is understood by the Review to be driven by a combination of increased capacity from the development of new centres and by the introduction of the NQF. A significant proportion of the increase in worker numbers is particularly strong in 2011 and 2012 when the NQF was being prepared for and then introduced.

Despite the significant growth in numbers shown above, participants in the 1 July 2016 Forum noted that there is a significant demand for workers that cannot be adequately met. They advise that this competition is particularly strong at the more senior levels of sector worker and that staffing is the major issue facing the sector.

The sector indicated that the issue is both a general lack of applicants and that those who do apply are not appropriately skilled. They further advised that the issue was becoming more, not less, serious, that it included ancillary staff such as cooks, as well as preschool teachers.

6.4.2. IMPACT OF WORKER SHORTAGES

The impact of the worker shortage is reflected in higher overall costs, not all of which are reflected in the salaries of the workers themselves. Starting with recruitment costs, higher levels of worker turnover and difficulties in attracting staff result in increased recruitment costs. Some organisations have advised that they needed to employ full-time recruitment officers in order to meet their needs.

The cost impact of worker shortages flows through to wages and conditions of service. The sector advised the Review that salaries and conditions of service are increased in order to both attract and to maintain workers.

The 2016 Review explored sector salary levels through information provided by the ACT Long Service Leave Authority. **Figure 26** below shows that the average salary in the sector for 2015 was \$934 per week, or \$48,561 per year. This salary equates to a position between 4.3 and 5.1 on the *Children's Services Award 2010* structure.

²⁹ Information provided by the Long Service Leave Authority

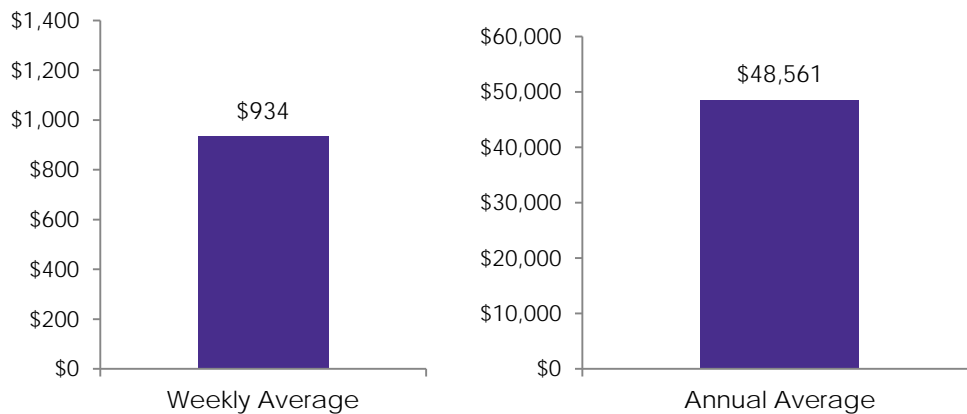


Fig 26 Weekly and annual average wages for the ECEC sector in the ACT

Figures 13 and 14 earlier in this document show the distribution of workers in the sector across the different Award categories. This shows that 64% of workers in the sector are at work levels below the average salary paid in the ACT, which indicates that for the average to be \$48,561, workers in the sector, on average, must be being paid higher than Award wages.

The 2016 Review found that the average salaries paid across the sector between 2010 and 2015 have been flat across the sector over six years, with little if any growth, as shown in **Figure 27** below. This appeared to contradict evidence that overall salaries across the sector are above Award. One possible cause for this apparent anomaly may be that overcapacity in the sector is driving competition for children and putting downward pressure on wages growth and that the extent of over Award payments is being reduced over time.

Equally, it may be that whole of sector average wage costs represent a very broad range of wage costs between many different employers, and employer categories of the overall sector, and that a change in balance between the market shares of the different sub-sectors is having the effect of keeping average levels down, while hiding significant differences between the sub-sectors, or between individual employers. The 2016 Review explored this last option and found that there were significant differences between the salaries paid to workers across the different category of service provider.



Fig 27 Average annual salary payments to full time ECEC workers between 2010 and 2016

The 2016 Review also analysed the differences in average salaries by length of service, and by age of recipient, anticipating that a normal distribution would be found, where increased length of service and increased age is reflected in higher salaries. However, **Figure 28** and **Figure 29** below shows this was not the case, and there appears to be some small correlation between age and salary, but little, if any, correlation between length of service and average salary levels.

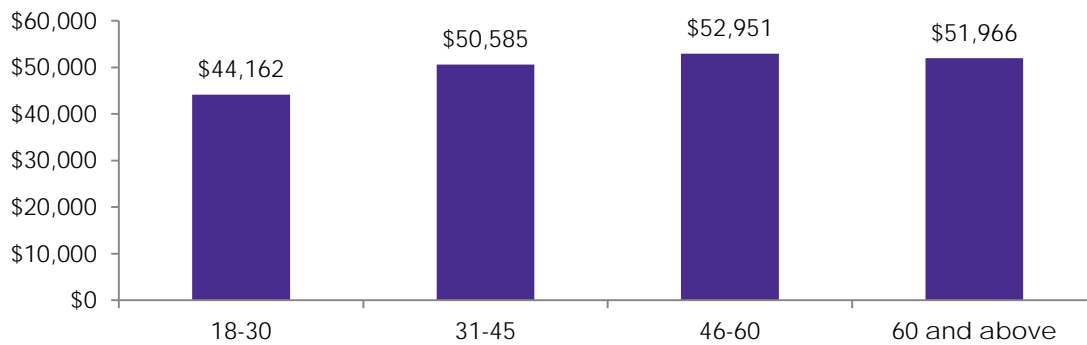


Fig 28 Average annual salaries in the ECEC sector in the ACT, by age of worker

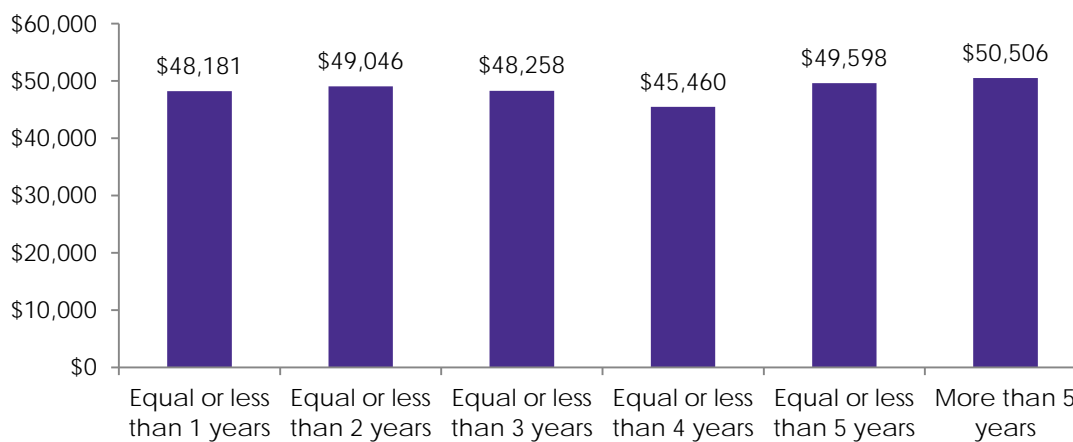


Fig 29 Average salaries for ECEC workers, by length of service

It may be inferred from these patterns that, in a high turn-over environment for workers, where the average length of service for full time workers is only 2.5 years and where it is difficult to attract and retain workers, that employers will pay the salary necessary to attract and retain workers, but be reluctant to invest in their workers through higher wages to reward length of service.

The 1 July 2016 Forum confirmed this, with comments on the high cost of continuous professional development and improvement of staff and the high levels of worker turn-over, where workers gain skills within the sector, then leave to join the public service, or leave because they do not see a career path in the sector.

A further factor, caused in part by the difficulty in attracting suitable workers that contributes to the cost of employment is the casualisation of the ECEC workforce. This casualisation takes two forms, a change in the workforce structure to favour casual, or part-time workers over full-time workers, and the use of contract workers sourced through an employment agency. In both cases, but particularly the latter, casual workers and contract workers are more expensive, due to the salary loadings that are required, or the administrative charges required by contractors.

These short-term employment strategies are an expected response to services facing worker shortages, high turnovers and uncertain demand. The Review notes that part-time and casual workers can provide more flexibility and in the short term be more cost efficient than full-time workers by allowing staffing to vary according to demand.

The 2016 Review found that the very significant increase in the numbers of workers in the sector between 2010 and 2015 was accompanied by an equally significant change in the employment structures across the sector, particularly the balance between full time and part time workers.

Figure 30 below shows this change between 2010 and 2015 as a change in the ratio of full time to part time workers across the whole of the sector³⁰.

³⁰ Data provided by the Long Service Leave Authority

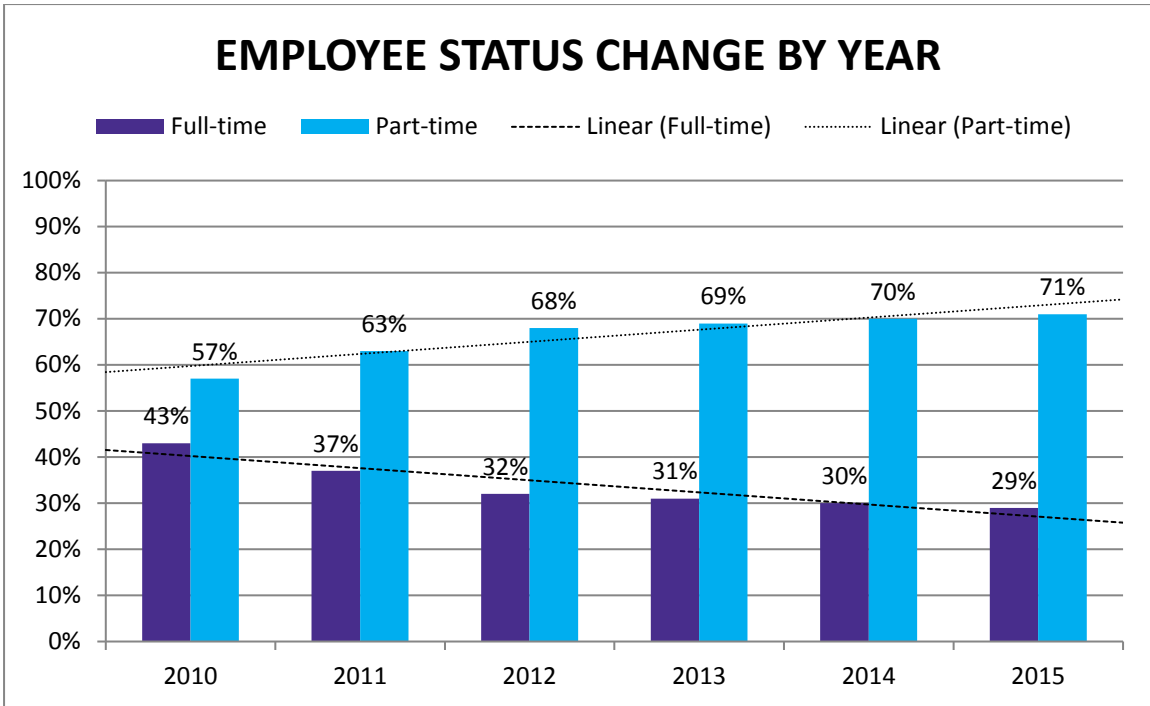


Fig 30 Change in ratio of full time and part time workers between 2010 and 2015

Figure 31 below shows the same change as a percentage reduction in the number of full time workers in the sector by employer. The table shows this change by employer, not by individual service, and excludes five employers who have not had a presence in the ACT for long enough to generate a change of worker status profile.

As the table shows, there has been a significant casualisation³¹ of the ECEC workforce over the last six years, with only a small proportion of the employers showing a relatively small increase in the full-time component of their worker profile.

Of this small proportion, the majority fall into the independent not-for-profit category of service providers, and considered in conjunction with the high levels of pay by this category, may represent an employment strategy of retaining key staff by offering more highly paid, full-time work, with superior working conditions.

³¹ Data provided by the Long Service Leave Authority

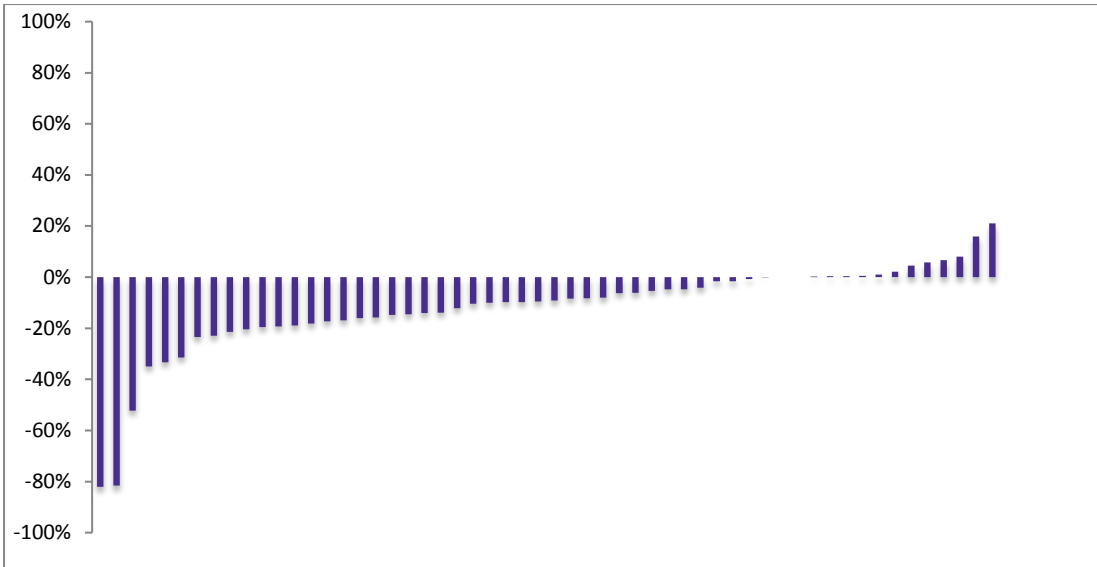


Fig 31 Change in per cent of full time workers between 2010 and 2015

Finally, **Figure 32** below shows the increase in the proportion of casual workers has been accompanied by a fall in the average weekly wage earned by those workers³². In the five years after 2010, average weekly salaries were only 81% of the level in 2010. Such a fall can represent either lower salaries, such as when casuals workers are employed at lower classification levels on the Award structure, or it can represent shorter hours worked by the casuals. The current average weekly salary for a part time worker in the sector is equivalent to 16 Hours, or two days, for a level 2.2 worker under the Award with twelve months experience.

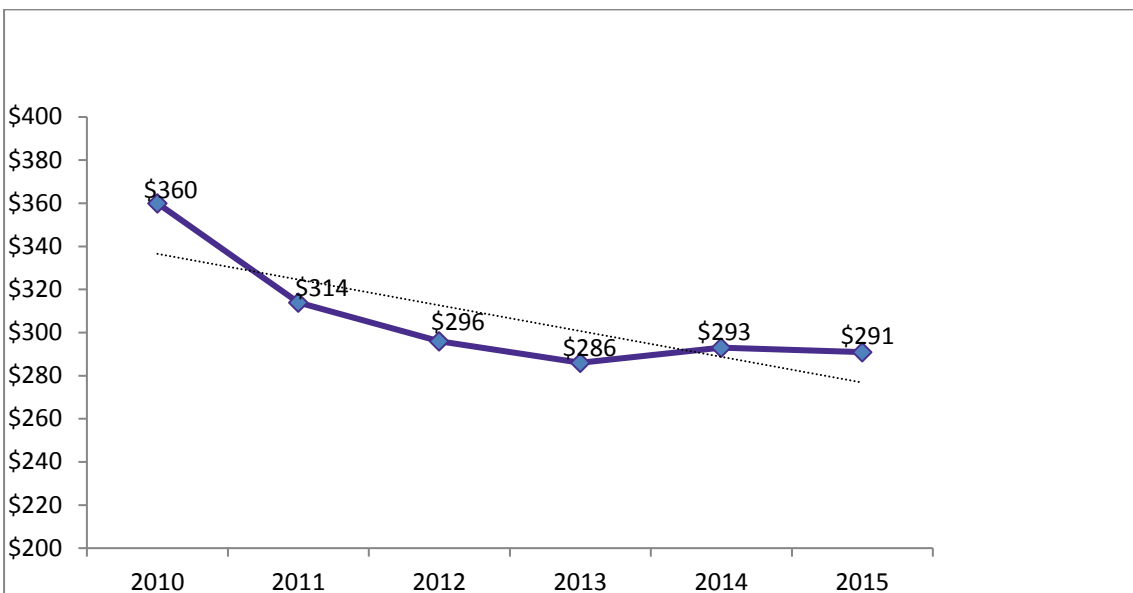


Fig 32 Change in average weekly part time salaries for ECEC workers

³² Data provided by the Long Service Leave Authority

ISSUES

Longevity of professionals in the sector improves quality in the sector, as do wages and conditions. How can employment and conditions be improved for education and care professionals in the ACT?