

SELECT COMMITTEE ON WORK AND CARE

MINDEROO FOUNDATION SUBMISSION

8 September 2022



ABOUT THE MINDEROO FOUNDATION

Established by Andrew and Nicola Forrest in 2001, Minderoo Foundation is one of Australasia's largest philanthropies, with AUD\$2.6 billion funds invested. Minderoo Foundation supports a range of initiatives, including eliminating childhood cancer, improving early childhood education, ending modern slavery, and driving accountability and responsibility for global overfishing, plastic pollution, improving gender equity, global warming, and the tech ecosystem. Through a collaborative, evidence-based approach we strive to solve major challenges through our key initiatives.

INTRODUCTION

The Select Committee on Work and Care (the Committee) is inquiring into the impact that combining work and care responsibilities has on the well-being of workers, carers, and those they care for. The Committee will consider evidence on the extent and nature of work and care arrangements, the adequacy of current support systems, and effective work and care policies and practices in place in Australia and overseas.

Minderoo Foundation notes that there are many issues associated with combining work and care responsibilities. It impacts on the well-being of workers, carers, and those they care for in the following ways

- wages and conditions of care workers
- the value ascribed to their work by the community
- social services
- benefit payments
- access to caring services for people that may be dependent (e.g., seniors, children, people with a disability)
- for the children of the care workers themselves.

These issues need to be considered both individually and collectively by the Committee to gain a deep understanding of the factors that impact the combining of work and care in Australia.

This submission draws predominantly from research and evidence supported, collated, and produced by Minderoo Foundation initiatives that are focused on improving early childhood development and gender equality. We have not addressed each of the terms of reference specifically, and note that our discussion and recommendations should be considered broadly, and not specifically.

Pay equity and relevant workplace barriers, and the value given to work performed in women-dominated industries and other sectors

High-quality, affordable and accessible Early Childhood Education and Care (ECEC) is necessary for ensuring parents, particularly women, can participate in work, education or training. If parents have access to affordable high-quality care for their children, then they can enter the workforce or increase their working days. This improves household budgets, provides women with choices and has broader benefits for the economy. A high-

quality ECEC sector is key to the Government achieving its goals of boosting productivity, ensuring women have equal opportunities and equal pay, addressing skill shortages and maximising job opportunities for the care economy.

However, the ECEC sector is in crisis. It is beset with workforce shortages, not accessible in many communities in Australia and 16% of all **long day care** centres do not meet national standards¹. The recent announcement from National Cabinet that they will work together on the long-term vision for ECEC, to better support parents' workforce participation is welcomed.

In 2021 106,000 people stated that the affordability or access to childcare and early learning prevents them from working or increasing the amount they work².

Our ECEC workforce is facing significant challenges, with high turnover, staff shortages and stress. The shortage of qualified educators and teachers is forcing the closure of rooms and in some cases entire early childhood education and care services.

Of key concern for the Committee are the low wages of people working in the ECEC sector. There are 193,000 people working in the ECEC sector (147,000 in long day care), and almost all the workers employed in in-home care, occasional care and long day care services are female³.

The award wage for an early childhood teacher with four years training is, on average, \$77,000 gross per annum.⁴ The award wage for a Certificate III trained early childhood educator is, on average, \$52,000. The full-time adult average wage for all Australians is \$92,000⁵. In 2021, the full-time male average weekly total earnings were \$102,000, and the full-time female average weekly total earnings was \$85,000. ECEC services reported that more than half of all staff received the award wage only.⁶ In comparison to the average weekly earnings, workers in the highly feminised ECEC sector are significantly underpaid, compared to average Australian workers. Improving pay and conditions will not only improve the livelihoods of those working in the sector, it will also raise the perceived value of care and help to address the gender pay gap.

The Thrive By Five campaign is supported by a broad cross-section of the Australian community – business leaders, unions, educators, health professionals, parents, community organisations, economists and leaders from across the political spectrum. Thirty of the Thrive By Five campaign member organisations have developed a four-point action plan to address the current workforce challenges.

Recommendations:

- Fund an immediate pay rise for early childhood educators and teachers, comparable to the salary and conditions of school education sectors.
- Amend the *Fair Work Act* to allow for effective equal pay cases and sector-level bargains to ensure that sector industrial instruments better reflect the professional value of the work performed by early childhood educators and teachers, with the government committing to fund the higher level of wages.
- Enhance the status of the National Early Childhood Education and Care Workforce Strategy, and ensure that the actions and implementation initiatives are adequate to meet the current workforce crisis and fund those initiatives in the October budget. Establish a process for sector collaboration around longer-term early childhood education and care workforce reform. This should include;
 - Building the long-term pipeline of early childhood educators and teachers through investment in TAFE and universities, including financial incentive supports for enrollees and accelerated pathways to formal qualifications that reflect the lifetime experience and skills of educators.

¹ ACECQA Annual National Performance Report 2020

² Report on Government Services. 2021. *Early Childhood* <https://www.pc.gov.au/ongoing/report-on-government-services/2020/child-care-education-and-training/early-childhood-education-and-care>

³ 2016 Early Childhood Education and Care National Workforce Census

⁴ Website – Talent.Com <https://au.talent.com/salary?job=early+childhood+teacher>

⁵ ABS Labour. <https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/average-weekly-earnings-australia/latest-release>

⁶ Goodstart Media Release August 2022. [Media%20release%20Jobs%20Summit%2025%20August%202022.pdf](https://www.goodstart.edu.au/media-releases/2022/08/22/goodstart-early-childhood-education-and-care-workforce-strategy)

- Developing mechanisms to ensure the early childhood education and care workforce includes First Nations and culturally diverse educators and teachers, and that workplaces are culturally safe spaces, with implementing the priorities of the National Partnership Agreement on Closing the Gap being the first step.
- Increasing the pool of available early childhood education and care staff by developing programs to attract, support and retain under-represented cohorts in the profession.
- Prioritising early childhood education and care jobs in local skills and employment planning approaches.

As demonstrated by the elements of the plan set out above, solving the jobs and skills crisis will require high levels of cooperation between the Commonwealth, State and Territory governments and private employers.

The impact of combining various types of work and care (including of children, the aged, those with disability) upon the well-being of workers, carers, and those they care for.

The ECEC workforce is comprised of a cohort of professional and qualified early childhood educators, teachers, and support teams. They deliver high-quality play-based education, built on strong relationships between educator and child and educator and parent, to develop children's social and emotional skills for lifelong learning and wellbeing. The well-being and education of children in ECEC are inherently linked to the well-being and qualifications of their educators and teachers.

The Thrive by Five campaign is concerned about the high turnover of staff in the ECEC sector. This disrupts educator/child relationships, directly impacting the quality of learning programs - potentially undermining the long-term benefits of ECEC and reducing the confidence that parents and other stakeholders have in the system.

To illustrate this, on 1 September 2022 Early Childhood Australia (ECA) released the results of a comprehensive survey that paints a picture of the ECEC sector that is exhausted and stressed. 70 per cent said they were feeling exhausted daily. They deserve a better deal for their dedication, with 83 per cent saying they regularly feel 'happy', and many are regularly 'joyful' or 'hopeful', indicating that they find working with young children to be satisfying and rewarding⁷.

The situation is not new. In a 2016 survey of 1,200 early childhood educators and teachers in childcare centres and preschools across Australia, one in five respondents said they planned to leave their job within a year. The reasons included low pay, feeling undervalued and increasing time spent on paperwork⁸.

A survey conducted in 2019 showed up to two in three early childhood educators in Victoria were considering leaving their roles. High staff turnover — of up to 30% — is an enduring problem in early childhood services⁹. Whenever an educator leaves the sector, it is a loss for children and can affect their learning and well-being. High staff turnover also means more public money needs to be spent training new workers.

Flexible working policies are an enabler for employees across the economy juggling work and care. Flexible work arrangements are associated with increases in staff retention, productivity, and revenue generation. However, having a policy isn't enough. Research¹⁰ shows that men are twice as likely to have their flexible work requests rejected compared to women. Currently, 72.7% of employers promote flexible work, however, only

⁷ The Sector <https://thesector.com.au/2022/09/01/a-pressured-workforce-that-still-has-hope-eca-survey-illustrates-complexity-of-ecce/>

⁸ Early Childhood Australia The Spoke. <http://thespoke.earlychildhoodaustralia.org.au/one-five-early-childhood-educators-plan-leave-profession/>

⁹ The Sector. ECEC Workers Leaving. <https://thesector.com.au/2021/01/18/early-childhood-educators-are-leaving-in-droves-here-are-3-ways-to-keep-them-and-attract-more/>

¹⁰ Chief Executive Women. The power of flexibility Boosting gender parity. CEW https://cew.org.au/wp-content/uploads/2016/07/BAIN_CEW_REPORT_The_power_of_flexibility_Boosting_genderparity-vF.pdf

5.6% have set targets for employee engagement and just 2.3% have set targets for men's engagement. Men and women need to have equal access to working flexibly, without negative judgements or repercussions for career progression.¹¹

The underrepresentation of women in full-time work can limit opportunities to progress in the workplace. Research also shows that if men are unemployed or reduce work hours for family reasons, they may experience a 'flexibility stigma', leading to lower earnings and limiting future career opportunities¹².

Implementing a flexible working policy is simply not enough to normalise and support flexible work for both men and women. A cultural shift is needed, breaking down the stigma and negative sentiment associated with flexible work.

The adequacy of current work and care supports, systems, legislation and other relevant policies across Australian workplaces and society

Paid Parental Leave

Under Australia's paid parental leave (PPL) scheme, the primary carer is eligible for 18 weeks of Parental Leave Pay at minimum wage, in addition to any employer scheme. The secondary carer leave, called 'Dad and Partner Pay', provides for two weeks' pay at minimum wage and cannot be taken alongside paid leave from an employer.¹³

However, Australia's PPL system is well below international standards. The Centre for Policy Development's Report, *Starting Better*, has called for six to twelve months of PPL shared between partners as part of the national guarantee, drawing on evidence that a longer period of leave has long-term benefits for children. There is also an important interaction between PPL and the ECEC system, given access to ECEC places for children under 12 months can be particularly challenging in some areas.

Greater sharing of childcare responsibilities is one of the best ways to improve women's economic security and provide better working conditions in the care sectors. Caring habits formed in the early years of a child's life tend to endure. For heterosexual couples, this means the mother's role as dominant carer for a new baby is carried through the child's first decade and beyond. This is true in almost all heterosexual two-parent families, even where the woman earned more before the child was born¹⁴.

Shared parental leave also brings significant benefits for fathers. When fathers have more time to 'flex their parenting muscle' they tend to have better relationships and greater life satisfaction. And children benefit from the increased parental investment and the diversity of their interactions in their early years¹⁵.

Superannuation

The chasm between men and women in retirement in Australia is impossible to ignore, particularly among low-paid women working in the care sector. Women currently retire with one-third less superannuation than men, and their retirement incomes are roughly 10 per cent lower¹⁶. A further reform that would bridge the gender pay gap, particularly for low-paid workers in the care sector, would be continuing to pay superannuation while workers are on PPL. The Commonwealth Government should investigate issues related to paying workers superannuation whilst they are on leave.

¹¹Power of flexibility. CEW. https://cew.org.au/wp-content/uploads/2016/07/BAIN_CEW_REPORT_The_power_of_flexibility_Boosting_gender_parity-vF.pdf

¹²Workplace Flexibility. CEW. <https://cew.org.au/topics/flexibility-in-the-workplace/>

¹³Dad Days. Grattan Institute. <https://grattan.edu.au/wp-content/uploads/2021/09/Dad-Days-Grattan-Institute-Report.pdf>

¹⁴Grattan Institute. Dad Days <https://grattan.edu.au/wp-content/uploads/2021/09/Dad-Days-Grattan-Institute-Report.pdf>

¹⁵Grattan Institute. Dad Days. <https://grattan.edu.au/report/dad-days/>

¹⁶Grattan institute. Minding the Gap. <https://grattan.edu.au/news/minding-the-wrong-gap/>

Recommendations:

- The Commonwealth Government should introduce a more equitable PPL scheme: six weeks reserved for each parent plus 12 weeks to share between them, paid at the current rate of minimum wage. In addition, if both parents use at least six weeks of leave, a bonus of two weeks' leave would be available to be used by either parent, making a total of 26 weeks available to each family.

Affordability and Accessibility of ECEC

A range of policy, cultural, and social factors conspire to prevent many Australian women from working the paid hours they would prefer.

Taxation, welfare settings, and childcare costs can mean some second household earners find themselves taking home little or no extra pay for additional hours of work. This 'workforce disincentive rate' can be particularly punishing for the fourth and fifth day of work for the primary carer, still generally a woman¹⁷.

The Commonwealth Government is to be commended for its commitment to making childcare cheaper by increasing the maximum childcare subsidy rate to 90 per cent for families and other reforms. New South Wales, Victoria, Tasmania, and Queensland should also be applauded for their pledge to offer additional hours of free preschool and affordable and accessible childcare and supported playgroups.

If parents, particularly women, can access more affordable, high-quality care for their children, then they can re-enter the workforce or increase their working days, which will allow an estimated 90,000 more people to work, or increase their hours of work¹⁸.

The Childcare Deserts and Oasis Report¹⁹, recently completed by the Mitchell Institute, demonstrated about nine million Australians, 35% of the population, live in neighbourhoods where there are not enough childcare centres to meet the needs of families. The report showed that families in outer regional, remote and low-income communities are the ones most impacted.

The absence of accessibility is more acute in remote First Nations communities and was exacerbated by the cuts to the children and family centres program in 2014-15 Budget by the Abbott Government. Providing more early learning and childcare centres in underserved areas will expand employment opportunities, particularly for disadvantaged Australians, and locating these centres on or near existing school sites would benefit families.

A healthy, well-functioning ECEC system is critical for families, particularly women, to balance their work and care responsibilities. Australia's early childhood services are not perfect, and this is evidenced from data available: 106,000 parents have stated that a lack of affordable and accessible childcare prevents them from working or working more hours. A survey found that many families make significant financial sacrifices to put their children into early childhood education and care. A similar proportion found the system of subsidies difficult to understand, and the costs of services opaque. Most strikingly, almost three-quarters of parents said the cost of education and care was a barrier to having (more) children²⁰. Perhaps most importantly, more than one in five children start school developmentally vulnerable, with these figures even higher for First Nations and Torres Strait Islander children.

¹⁷ Grattan Institute. Cheaper Childcare. <https://grattan.edu.au/report/cheaper-childcare/>

¹⁸ Report on Government Services. Early Childhood. 2021 <https://www.pc.gov.au/ongoing/report-on-government-services/2021/child-care-education-and-training>

¹⁹ Mitchell Institute 2021. Deserts and Oasis: How accessible is childcare in Australia? <https://www.vu.edu.au/mitchell-institute/early-learning/childcare-deserts-oases-how-accessible-is-childcare-in-australia>

²⁰ Work and Play: Understanding how Australian families experience early childhood education and care. The Front Project (2021).

The conclusive evidence for the need for reform was demonstrated during the COVID-19 pandemic, which exposed the flaws of the system. It has twice faced collapse and had to be rescued by Government during the COVID-19 crisis. ECEC was found to be an essential service to keep Australian families and organisations viable during the pandemic. Normal funding streams were suspended, grant payments were made to providers, and Jobkeeper deployed to keep staff employed. This followed the crisis in 2010 when the system had to be rescued following the collapse of ABC Learning.

The recent announcement by the National Cabinet that they will work together on the long-term vision for ECEC, to better support parents' workforce participation is welcomed. This is a major step forward for children, parents, families, and the economy.

As noted above, significant early childhood reform depends upon a high level of cooperation by Commonwealth and State/Territory Governments. Given the condition of the current system, and the need for welfare, care and education to integrate the services of both the Commonwealth and State/Territories, serious reform will require the ongoing focus of the National Cabinet.

The Centre for Policy Development's Starting Better Report provides a vision and initial blueprint for early childhood reform²¹. They call for the establishment of a National Federation Reform Council Taskforce on Early Childhood Development to oversee national change. This, or a similar inter-governmental structure, overseen by central agencies, which has the mandate for reform from all governments is the next logical step to improve early childhood development in Australia.

Recommendations:

- The Commonwealth Government should commit to bringing forward to early 2023 its commitment to increase the maximum childcare subsidy rate to 90 per cent.
- The Commonwealth, state and territory governments work together to provide childcare and early learning services in remote, regional and low socio-economic communities through an initial investment that fully restores the funding cut imposed by the Commonwealth Government in the 2014-15 budget for Children and Centres in First Nations Communities.
- To deliver on National Cabinet's vision for early childhood in Australia, A National Taskforce on Early Childhood Development to deliver on National Cabinet's vision should be established and led by the Commonwealth Department of Prime Minister and Cabinet and State/Territory Government Department of Premier (Chief Minister) and Cabinet

Consideration of gendered, regional, and socio-economic differences in experience and in potential responses including for First Nations working carers, and potential workers

Australians living in remote and outer regional areas and low-income families face significant challenges accessing and balancing work and care. Many economic and social factors contribute to this; however, this submission will focus on two key barriers for working carers, and potential workers. The lack of ECEC in outer regional areas, and requirement to meet the activity test both limit access to work for women, people living in regional and remote areas and particularly affect First Nations people.

The current activity test disproportionately impacts many low-income families, First Nations people and those living in outer regional and remote communities and contributes to poor employment outcomes and affects the care economy. The activity test was designed to encourage participation in the workforce but in regional and

²¹ Starting Better: A Guarantee for Young Children and Families. Centre for Policy Development 2021

remote settings it does the opposite by creating significant uncertainty for many parents. It can be problematic for those in casual employment because of the ongoing risk that some weeks they will fail to meet the activity test and generate overpayment debts²².

While the activity test has been a long-term feature of the childcare system, the 2018 Child Care Package cut the minimum amount of care that low-income families are entitled to from two days to one day per week, and this has resulted in a 42,000 drop in the number of families receiving the minimum entitlement. Vulnerable family groups, when compared to families earning over \$200,000 per year, are more likely to be subject to the activity test that limits access to subsidised care, and notably:

- Single-parent families are over three times more likely to be limited to one day of subsidised childcare per week;
- First Nations and Torres Strait Islander families are over five times more likely to be limited to one day of subsidised childcare per week;
- Non-English-Speaking families are over six times more likely to be limited to one day of subsidised childcare per week;
- Low-income families earning between \$50,000 and \$100,000 are over six times more likely to be limited to one day of subsidised childcare per week.

Removing the activity test will provide a foundation for future reform that delivers universal early childhood education and care for every Australian child. The costs of abolition or simplifying the activity test today will be recouped in improved outcomes for the most disadvantaged Australian children and increased participation of parents in paid work²³.

Recommendation:

- Abolish or simplify the activity test to gain access to Child Care Subsidy.

Consideration of the policies, practices and support services that have been most effective in supporting the combination of work and care in Australia, and overseas.

For families, particularly care workers who are low-paid and work fragmented hours, Australia's Early Childhood Development systems remain difficult, expensive, and confusing to navigate.

The range of services available for parents to choose from often does not reflect what would best meet the needs of children and families. Our so-called 'system' includes antenatal care, the NDIS, Maternal and Child Health (MCH), Primary Health Care, ECEC, Parenting Programs, Welfare and Benefit Payments, Parental Leave, Family Support Services and Paid Parental Leave. In fact, it is arguable that this collection of services is not a functioning "system" since the parts rarely connect well. Those who are most adversely impacted because of the complexities of Australia's early childhood system are those who are often in need the support most – families in regional and low socio-economic areas, including First Nations people.

²² Impact Economics Child Care Subsidy Activity Test.

https://static1.squarespace.com/static/61e32e62c8c8337e6fd7a1e6/t/630de5c741a8de08ad48d593/1661855185396/Undermining+Child+Development+And+Parental+Participation+Report_FINAL.pdf

https://static1.squarespace.com/static/61e32e62c8c8337e6fd7a1e6/t/630de5c741a8de08ad48d593/1661855185396/Undermining+Child+Development+And+Parental+Participation+Report_FINAL.pdf

²³ Impact Economics Child Care Subsidy Activity Test.

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An integrated, coordinated, and responsive early childhood development support service would improve outcomes and reduce family stress and importantly, it could act as an entry point to provision of targeted services.

Some communities already have integrated wraparound services which provide sophisticated support and significant benefits, but this is not available everywhere. With consultation, planning and investment, community-led services, including in First Nations communities, can provide more wraparound support services with buy-in and engagement from MCH, GPs and ECEC at the local level.

To address this problem, the Centre for Policy development's Starting Better Report recommended:

- A wraparound "navigator" service for families who need extra help to find and access suitable support is established, as part of integrated whole-of-family early childhood service delivery. Navigators could use their knowledge of what local families need to assist in service planning²⁴.
- Develop better mechanisms to provide seamless support for families and children from the day they are born, including more effective transitions from early learning to primary school.

ENGAGEMENT WITH THE COMMITTEE

Thank you for the opportunity to make a submission to this inquiry.

Minderoo Foundation would welcome the opportunity for further engagement with the Committee.

Please contact Jay Weatherill, Director, Thrive By Five and Jess Taylor, Director,
Gender Equality if you have any queries with this submission.

²⁴ Centre for Policy Development. Starting Better. 2021. <https://cpd.org.au/2021/11/starting-better-centre-for-policy-development/>