

# FAIR WORK LEGISLATION AMENDMENT (SECURE JOBS, BETTER PAY) BILL 2022

## Minderoo Foundation - Thrive by Five submission



### ABOUT 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 in philanthropic causes. 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.

### ABOUT THRIVE BY FIVE

Thrive by Five is an initiative of Minderoo Foundation that is campaigning to transform our current early learning and childcare system into a comprehensive, high-quality, universally accessible, and affordable early learning system. It is led by Jay Weatherill, AO, formerly Premier of South Australia.

### INTRODUCTION

On 27 October 2022 the Senate referred the provisions of the Fair Work Legislation Amendment (Secure Jobs, Better Pay) Bill 2022 (**Legislation**) to the Education and Employment Legislation Committee (**Committee**) for review. The Committee has request submissions by 11 November 2022.

This Submission focuses on the growing workforce crisis in the Early Childhood Education and Care (ECEC) sector and asks the Committee to review the ability for the Legislation to solve this crisis. This Submission draws from evidence accessed by Thrive by Five. We have chosen to provide general commentary on the need to improve wages in the ECEC sector, rather than a detailed analysis of the provisions of the Legislation.

Thrive by Five notes that the introduction of the Legislation reflects the discussion at the Jobs and Skills Summit held in September 2022. The Legislation proposes changes to the *Fair Work Act 2009* (Cth), particularly the possibility for sector wide negotiation for an increase in pay for early educators, which has the potential to improve wages and conditions in the ECEC sector. Improved wages is key to solving the workforce crisis which is necessary to transform our current ECEC system into a comprehensive, high-quality, universally accessible, and affordable early learning system. This will benefit all children, particularly children from disadvantaged backgrounds.

We welcome the Federal Government's commitment to improve low wages of workers in the ECEC sector. The changes to Fair Work Commission equal pay processes, bargaining and agreement-making, including sector-wide salary determination approaches, proposed in the Legislation may contribute to achieving this goal, however, the Legislation does not deal with a key reason that wages in the ECEC sector are low, which is the way the ECEC sector is funded.

### ECEC SECTOR

The ECEC sector is critical to child development, economic, and social outcomes in Australia. High-quality ECEC improves children's brain development and is strongly associated with issues such as readiness for

school entry and school performance<sup>1</sup>. It supports parents, particularly women, to participate in work, education or training. If parents have access to affordable high-quality ECEC for their children, then they can increase their participation in the workforce. This improves household budgets, provides women with choices and has broader benefits for the economy. Further, accessible and affordable child care is key to the Federal 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.

## ECEC SECTOR WORKFORCE CRISIS

Thrive by Five requests that the Committee review the impact of the Legislation on the ECEC workforce. 193,000 people are 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 female<sup>2</sup>.

The ECEC workforce is currently in crisis with high turnover, staff shortages and stress. The shortage of qualified educators and teachers is forcing a reduction in the number of childcare places available for families and it has been reported that it in some cases leading to the closure of rooms and entire services<sup>3</sup>. There are currently over seven thousand job vacancies<sup>4</sup> in the child care sector across Australia – double the pre-pandemic number of vacancies.

Early childhood educators' wages have remained stuck in the lowest income quartile, a significant contributor to the ECEC workforce crisis. The award wage for an early childhood teacher with four years of training is, on average, \$77,000 gross per annum.<sup>5</sup> 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 \$92,000<sup>6</sup>. In 2021, the full-time male average weekly total earnings were \$102,000, and the full-time female average weekly total earnings were \$85,000.

Further, the award rates for experienced early childhood teachers and educators in the ECEC sector are 30% less than comparable jobs in schools. An experienced teacher in a government school in NSW or Victoria earns \$32,000 a year more than a teacher with the same qualification and experience working on award rates in a long day care centre. An experienced Certificate III qualified educators supporting the teacher earns \$16,000 - \$18,000 less than a teacher aide in a government school, even though teacher aides do not have mandatory qualifications.<sup>7</sup>

ECEC service providers have reported that more than half of all staff received the award wage only.<sup>8</sup> In comparison to the average weekly earnings, workers in the highly feminised ECEC sector are significantly underpaid, compared to average Australian workers.

Thrive by Five notes that the National ECEC Workforce Census conducted last year showed that around 63% of the long day care workforce was paid no more than award rates. This contrasts with Federal Government research showing just 23% of the Australian workforce is paid only award rate. The ECEC workers have been historically underpaid. This has been acknowledged by many commentators, including the Prime Minister<sup>9</sup>, the

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<sup>1</sup> A review of the effects of early childhood education. Government of NSW. 2018

<sup>2</sup> 2016 Early Childhood Education and Care National Workforce Census

<sup>3</sup> Reported by goodstart Early Learning.

<sup>4</sup> National Skills Commission data. Monthly Reports.

<sup>5</sup> Website – Talent.Com <https://au.talent.com/salary?job=early+childhood+teacher>

<sup>6</sup> ABS Labour. <https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/average-weekly-earnings-australia/latest-release>

<sup>7</sup> 1 Children's Services Award 1/7/2022, NSW Education Paraprofessional (Cert III qualified), Victorian Education Support Officer Level 1 Range 2; 2 Educational Services (Teachers) Award as determined from 1/1/2022 following 2021 work valed case; 3 NSW Crown Employees (Teachers in Schools and Related Employees) Salaries and Conditions Award; 4 Victorian Government Schools Agreement 2022.

<sup>8</sup> Goodstart Media Release August 2022. [Media%20release%20Jobs%20Summit%2025%20August%202022.pdf](https://www.goodstart.org.au/media-releases/2022/08/goodstart-early-learning-2022-workforce-census)

<sup>9</sup> Speech to CEDA 8/9/2022

Education Minister<sup>10</sup> and the Workplace Relations Minister<sup>11</sup>. Improved wages is key to solving the workforce crisis which is necessary to transform our current ECEC system into a comprehensive, high-quality, universally accessible, and affordable early learning system.

## NEED FOR KEY STAKEHOLDERS TO WORK TOGETHER

The ECEC sector is frequently cited as a key sector that could utilise the Legislation to increase wages. However, the Legislation does not deal with a key reason why wages in the ECEC sector are low, which is a result of the way the ECEC sector is funded.

The Federal Government spent an estimated \$8.6billion on ECEC in 2020/21<sup>12</sup>, which will increase significantly with the passage of the separate Family Assistance Legislation Amendment (Cheaper Child Care) Bill 2022 that is currently before the Parliament. State and Territory Governments spent a further \$4.1billion on ECEC in 2020/21. The Federal Government is the primary funder of the ECEC sector, subsidising around 60% of the sector which will rise to over 70% in July next year. The remainder of the costs are borne by parents, and to a lesser extent, ECEC service providers.

It is estimated that wages comprise 60-70% of the costs of ECEC service providers. Consequently, independent of the passage of this Legislation, without addressing the funding of ECEC services, any increase in wages for ECEC workers will most likely increase fees charged to parents. This will undermine the Federal Government's key policy objective of improving workforce participation by making access to child care more affordable.

Even with the successful passage of the Legislation, any effort to increase the wages of workers in the ECEC sector will take significant time, which will not address the immediate workforce crisis in the ECEC sector. It is likely that a campaign to increase ECEC wages using the multi-employer bargaining proposed in the Legislation would be protracted as ECEC service providers would be reluctant to increase fees for parents and this may lower morale in the ECEC sector.

## SUMMARY

Thrive by Five urges the Federal Government, state governments, ECEC service providers, unions and business leaders to meet and find a way to provide for, and fund, an increase in wages for workers in the ECEC sector without passing on the cost for a wage increase to parents.

## ENGAGEMENT WITH THE COMMITTEE

Thank you for the opportunity to make this submission.

Thrive by Five would welcome the opportunity for further engagement with the Committee.

Please contact Jay Weatherill, Director, Thrive By Five at [redacted] if you have any queries with this submission.

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<sup>10</sup> Speech to Early Childhood Australia 6/10/2022

<sup>11</sup> Second reading speech on the bill 27/10/2022

<sup>12</sup> Report on Government Services 2021