

CHAPTER 2

Key issues

Introduction

2.1 Research has shown that the first five years of a child's life are critical to their learning and development.¹ A high quality early childhood education system produces children who are nurtured, happy, educated and ready for future schooling. Quality affordable childcare also allows for increased participation of parents in the workforce.

2.2 The performance of the early childhood education and care sector is underpinned by qualified and professional educators. The bill seeks to improve the wages of these educators and increase professionalism of the sector.

2.3 Submitters were generally supportive of the government's investment in the early childhood education and care sector and recent reforms including the National Quality Framework (NQF). Many submitters supported the establishment of a fund to pay for increased wages for early childhood educators in principle, but some expressed reservations with the bill in its current form.

2.4 This chapter discusses the key issues raised by submitters and witnesses about the bill including: the eligibility criteria for grants; the size and duration of the Fund; and the lack of detail about how it will be implemented.

The need for higher wages and greater professionalism in the sector

2.5 The committee heard that early childhood workers are hardworking, passionate and dedicated to providing children with high quality care. Employers and employees alike recognise that staff are critical to the quality of an early childhood service; Mrs Gwynneth Bridge, President, Australian Childcare Alliance, argued that 'a service is only as good as the educators it employs'.²

2.6 The committee heard that low wages is an ongoing issue in the sector which impacts on the ability to recruit and retain staff.³ Educators are paid as little as \$18.58 per hour to educate and care for children under five years old.⁴ Mr Michael Crosby, National President, United Voice, pointed to statistics showing that around 180 staff leave the sector every week.⁵ Ms Tamika Hicks, Member Organiser, United Voice

1 Department of Education, Employment and Workplace Relations, *Submission 15*, p. 3.

2 Mrs Gwynneth Bridge, President, Australian Childcare Alliance, *Proof Committee Hansard*, 14 June 2013, p. 16.

3 KU Children's Services, *Submission 8*, p. 2; United Voice, *Submission 16*, p. 2.

4 Mr Michael Crosby, National President, United Voice, *Proof Committee Hansard*, 14 June 2013, p. 1

5 Mr Michael Crosby, National President, United Voice, *Proof Committee Hansard*, 14 June 2013, p. 1.

Victoria noted that it is particularly difficult for rural and regional centres to attract and retain educators.⁶

2.7 The bill is designed to address these issues and support the implementation of the NQF. There was considerable support for this objective; for example Clarendon Children's Centre Co-operative submitted that:

We believe that government funding is necessary to support professional wages for early childhood educators and we applaud this initiative which will assist services to provide affordable, high quality education and care for babies and young children.⁷

2.8 Some submitters saw the Fund as a logical extension of the NQF; for example KU Children's Services described the Fund as evidence of the government's 'further commitment' to the Framework.⁸ Mission Australia similarly argued the Fund is 'an ideal way to support the Government's ongoing investment into early childhood education and care'.⁹

2.9 Not all submitters were convinced the bill would achieve its intended objective. The Australian Childcare Alliance (ACA) argued the bill would not 'enhance professionalism in the sector nor will it improve attraction and retention of a skilled and professional workforce'.¹⁰

The eligibility for grants from the Fund

2.10 The issue of eligibility raised a number of concerns, particularly in respect of multipurpose services who offer long day care and out-of-school-hours care – meaning some staff would be eligible and for the wage increases and others would not.¹¹ However, the committee heard evidence that there is already a 'clear salary differential' between preschool teachers and long day care workers.¹² Ms Verena Heron, Industrial Officer, Independent Education Union, argued that the pay rises should not create confusion or disputes amongst employees of the same organisation provided it the measure is communicated appropriately to ensure that 'those teachers who are not receiving it are aware of where the money comes from and why it is there'.¹³

6 Ms Tamika Hicks, Member Organiser, United Voice Victoria, *Proof Committee Hansard*, 14 June 2013, p. 8.

7 Clarendon Children's Centre Co-operative, *Submission 5*, p. 1.

8 KU Children's Services, *Submission 8*, p. 2.

9 Mission Australia, *Submission 7*, p. 2.

10 Australian Childcare Alliance, *Submission 4*, p. 4.

11 Early Childhood Australia, *Submission 6*, p. 7; Community Child care Co-operative (NSW), *Submission 13*, p. 3.

12 Ms Verena Heron, Industrial Officer, Independent Education Union, *Proof Committee Hansard*, 14 June 2013, p. 14.

13 Ms Verena Heron, Industrial Officer, Independent Education Union, *Proof Committee Hansard*, 14 June 2013, p. 14.

Requirement to have an enterprise bargaining agreement

2.11 While not specified in the bill itself, grants from the Fund will be conditional on 'wage increases being included in an enterprise bargaining agreement'.¹⁴ The committee heard evidence that there is currently a low proportion of services with an enterprise agreement in place. Early Childhood Australia estimated 90 per cent of services in the early childhood and care sector do not have an enterprise agreement.¹⁵ The Department of Education, Employment and Workplace Relations (DEEWR) provided evidence that there are currently 102 child care enterprise agreements.¹⁶

2.12 Some submitters argued this requirement disadvantages small providers who do not have professional human resources staff or ready access to industrial advice. Early Childhood Australia submitted that:

The majority of early childhood services are run by small organisations with just one or two centres. There is limited capacity for managing an EA bargaining process and limited sources of advice or assistance with this.¹⁷

2.13 This view was supported by larger providers. Mission Australia acknowledged the requirement would 'disproportionately benefit larger providers – such as MAELS [Mission Australia Early Learning Services] – who have Enterprise Agreements (EA) and HR personnel in place' and recommended removing the requirement to ensure equity.¹⁸

2.14 However, the committee heard evidence from DEEWR and union representatives that wage increases need to be linked to enterprise bargaining agreements in order to guarantee the funds go to employees. Mr Michael Crosby, National President, gave the example of funding being provided for aged care worker pay increases that was not passed on to employees:

The best evidence of what happens when you do not link it to an enterprise agreement came in the Howard years. When the Howard government made money available to the aged-care sector to increase what were, again, shamefully low wages, in the end, because it was not linked to an enterprise agreement, none of it went through into wages.¹⁹

2.15 The Independent Education Union agreed that including the increases in an agreement was the best way to assure the money is used for salary increases.²⁰

14 Department of Education, Employment and Workplace Relations, *Submission 15*, p. 10.

15 Early Childhood Australia, *Submission 6*, p. 7.

16 Department of Education, Employment and Workplace Relations, answer to question on notice, 14 June 2013 (received 14 June 2013).

17 Early Childhood Australia, *Submission 6*, p. 7.

18 Mission Australia, *Submission 7*, p. 2.

19 Mr Michael Crosby, National President, United Voice, *Proof Committee Hansard*, 14 June 2013, p. 5.

20 Ms Verena Heron, Industrial Officer, Independent Education Union, *Proof Committee Hansard*, 14 June 2013, p. 12.

DEEWR advised the committee that including the wage increases in an enterprise agreement gives employees a 'statutory, enforceable right' to those increases.²¹ Mr David De Silva, Group Manager, explained that employees are not party to standard funding agreements for grants; they are agreements between the Commonwealth and employers.²²

2.16 This means that if an employer spends the grant on something else, the employee has no way of enforcing payment of wage increases. Ms Jennifer Taylor, Deputy Secretary, explained the employee's difficulty in such a case:

...the employee has no opportunity to redress an underpayment of wages in that situation, where it is under a grant, because they are not party to the grant. Their redress would be in the repayment of money to the Commonwealth...but under an enterprise bargaining agreement or a modern award the employee has opportunity for redress through the Fair Work Ombudsman for those wage increases not being passed on.²³

2.17 DEEWR clarified that services do not have to have an enterprise agreement in place when applying for the grants. Funding can be approved on the condition that you intend to enter an agreement, and the money will be paid once the agreement is in place. If agreement is not reached, money is not paid.²⁴ Employers who already have agreements in place will not be advantaged in the application process; there will be no prioritisation of applications according to what stage in the process employers are at.²⁵

2.18 DEEWR's submission clarified that union membership is not an eligibility requirement for the funding. Similarly, it is not a requirement for employees of a service 'to be members of a union in order to negotiate an enterprise agreement'.²⁶

Committee view

2.19 The committee notes that union membership is not required to access grants from the Fund, nor would this be appropriate.

2.20 Including wage increases in an enterprise agreement is the only way to guarantee that funding provided to employers will be used for wages. It provides employees with an enforceable right to their wage increases, and gives them a means of redress should the employer do the wrong thing. Commonwealth funding needs to

21 Mr David De Silva, Group Manager, Department of Education, Employment and Workplace Relations, *Proof Committee Hansard*, 14 June 2013, p. 31.

22 Mr David De Silva, Group Manager, Department of Education, Employment and Workplace Relations, *Proof Committee Hansard*, 14 June 2013, p. 31.

23 Ms Jennifer Taylor, Deputy Secretary, Department of Education, Employment and Workplace Relations, *Proof Committee Hansard*, 14 June 2013, p. 32.

24 Ms Jennifer Taylor, Deputy Secretary, Department of Education, Employment and Workplace Relations, *Proof Committee Hansard*, 14 June 2013, p. 33.

25 Ms Jennifer Taylor, Deputy Secretary, Department of Education, Employment and Workplace Relations, *Proof Committee Hansard*, 14 June 2013, p. 33.

26 Department of Education, Employment and Workplace Relations, *Submission 15*, p. 11.

be used for its intended purposes, and the use of enterprise agreements will ensure this occurs.

2.21 Finally, the committee supports the rights of workers to bargain collectively; there is nothing improper about employees working together to campaign for better pay and conditions. Unions have a right to increase their membership to strengthen their bargaining position and provide better representation of the sector.

The size and duration of the Fund

2.22 The bill would provide the fund with \$300 million over two years, however submitters and witnesses argued this was insufficient and would lead to only a small part of the sector receiving increased wages. The committee was informed that the number of services able to be assisted under the Fund would be dependent on the size of the services that apply and the number of qualified educators those services employ.²⁷

2.23 Some submitters argued that this creates inequity because only a certain portion of employees in the sector will benefit from the Fund with estimates varying from 27 per cent to 40 per cent of educators receiving funding.²⁸ The Child Care Centres Association of Victoria argued that demand for grants from the Fund will exceed availability:

All services may apply, but not all can be successful, even if all meet the criteria. There is simply not enough money in the Fund if wage increases as outlined by the Prime Minister are allocated to educators in the successful services.²⁹

2.24 United Voice acknowledged that the Fund is inadequate to fund the whole sector, but argued that the measure was an important first step in a broader campaign to improve wages in the sector.³⁰

Committee view

2.25 The committee recognises concerns from submitters about the size and duration of the Fund, however given the current fiscal climate, the amount being committed by the Government is appropriate.

2.26 The committee supports the aim of professionalising early childhood education and care and believes bargaining will ultimately drive higher wages and greater productivity in the whole early childhood sector.

27 Department of Education, Employment and Workplace Relations, *Early Years Quality Fund*, 27 May 2013, <http://deewr.gov.au/early-years-quality-fund> (accessed 12 June 2013).

28 See for example Australian Childcare Alliance, *Submission 4*, p. 9; KU Children's Services, *Submission 8*, p. 2; Ms Verena Heron, Industrial Officer, Independent Education Union, *Proof Committee Hansard*, 14 June 2013, p 12.

29 Child care Association of Victoria, *Submission 1*, p. 5.

30 United Voice, *Submission 16*, p. 3.

Administration of the Fund

2.27 Some submitters and witnesses expressed concern about the lack of available information about how the Fund would be administered.³¹ DEEWR advised the committee that the program guidelines for grants, including information about the eligibility requirements, assessment criteria and acquittal processes, are expected to be finalised in July. Consistent with Commonwealth Grant Guidelines, this information will be made public and normal acquittal and reporting processes for successful applicants will apply.³²

2.28 An Advisory Board has been established with key stakeholders to provide advice to DEEWR on the 'content and operation' of the funding guidelines. The Independent Education Union expressed concern about a potential conflict of interest for members of the Board who are employers and may apply for funding.³³ DEEWR advised that is the Board would only provide advice to the government on eligibility requirements; the final content of the eligibility requirements is a decision for government. The board would not have any input on deciding which applicants are successful; the Department would hold the delegation to approve applications and make this decision.³⁴

Committee view

2.29 The committee is satisfied that the governance arrangements for the Advisory Board are appropriate. The decision-making power would remain with DEEWR and the Board would not make decisions about which services would be approved for funding.

2.30 The committee trusts that DEEWR will provide timely and accurate information to stakeholders about the administration and eligibility requirements of the Fund.

Conclusion

2.31 The early childhood education and care sector provides a valuable service to Australian society in caring for some of our most vulnerable members. Early childhood educators are hardworking professionals who deserve appropriate remuneration for their important work.

2.32 The committee believes this bill will improve wages for early childhood educators and help recruit and retain people in the sector. This Fund will support the Government's broader objective of ensuring a high quality standard of education and care of Australian children.

31 See for example Ms Verena Heron, Industrial Officer, Independent Education Union, *Proof Committee Hansard*, 14 June 2013, pp. 14–15.

32 Ms Jennifer Taylor, Deputy Secretary, Department of Education, Employment and Workplace Relations, *Proof Committee Hansard*, 14 June 2013, pp. 34–35.

33 Independent Education Union, *Submission 10*, p. 4.

34 Ms Jennifer Taylor, Deputy Secretary, Department of Education, Employment and Workplace Relations, *Proof Committee Hansard*, 14 June 2013, pp. 34–35.

Recommendation 1

2.33 The committee recommends that the Senate pass the bill

Senator Gavin Marshall

Chair, Legislation