

BIG STEPS

VALUE OUR FUTURE



20 December 2022

Independent Pricing and Regulatory Tribunal
2-24 Rawson Place
Sydney NSW 2000

Dear Independent Pricing and Regulatory Tribunal,

United Workers Union (UWU) is a powerful national union with 150,000 workers across the country from more than 45 industries and all walks of life, standing together to make a difference. Our work reaches millions of people every single day of their lives. We feed you, educate you, provide care for you, keep your communities safe, and get you the goods you need. Without essential workers like us, everything stops. We are proud of the work we do – as early childhood education and care (ECEC) members we are shaping the future of the nation one child at a time.

UWU welcomes the NSW Government's commitment to examine the levels of affordability, accessibility and consumer choice in the state's ECEC system, and the opportunity to provide comment on the Independent Pricing and Regulatory Tribunal's (IPART) proposed terms of reference for this review.

In endorsing the terms of reference as proposed, our members are heartened to note that factors relating to "workplace supply and pay and conditions and service quality standards" will be investigated and evaluated. Although the review's focus will be on consumer-facing elements such as affordability and accessibility, any in-depth examination of the system needs to consider early childhood educators and the current workforce crisis in the sector. Early childhood educators are at the centre of the sector and there is no affordability or accessibility for families without them. Early educators have been holding together this messy and expensive system for years, but they have reached the end of their tether. Turnover rates in the sector are unsustainably high; recruitment is in disarray; excessive workloads are compromising quality care and education; understaffing and the misuse of 'under-the-roof' ratios are rampant; the pandemic has made working conditions even worse; and the long-existing elephant in the room – low pay and high stress – means the best and brightest educators are leaving in droves.

Research shows that 30-48% of educators leave the sector each year.^[i] The average tenure of an ECEC worker is only 3.5 years.^[ii] These rates are double the national turnover average and triple the average rate of turnover of primary school educators.^[iii] Moreover, every time an educator leaves their position or the sector altogether, the impact is felt by dozens of children.^[iv] Numerous studies have confirmed the centrality of continuity in establishing strong attachments between children and their educators.^[v] Close, ongoing relationships between educators and children are crucial to their social and emotional learning.^[vi] These relationships then provide them with a safe and secure space from which they can learn about and explore the world around them.

In this context, it is imperative that their voices are heard as part of this crucial inquiry. 76% of NSW ECEC educators surveyed by UWU believe that staffing shortages are impacting the quality of care and education children receive, with 70% saying their workload has increased 'greatly' over the last few years.

Early educators work every day in a system which is complicated, expensive and puts profits above the wellbeing of children, educators, and families. At the centre of this failing system is an escalating and unsustainable workforce crisis.

In addition and intricately linked to the workforce crisis is the troubling level and influence of private ownership of ECEC providers and service. Among the largest providers in NSW are G8 Education Limited, Guardian Childcare and Education, and Affinity Education Group Limited – all of whom receive millions of dollars in taxpayer funding, while richly rewarding executives and their private owners or shareholders. Driven by a profit motive, these and other owners – some based in overseas jurisdictions and controlled by private equity funds that evade full disclosure requirements – ensure profits are often going offshore, in some cases to tax havens. While this is concerning enough, an even more pressing issue is that the for-profit ECEC segment disproportionately includes services where children's safety, workers' pay and conditions, and best practice early learning have been questioned.

For instance, drawing on data sourced under the Freedom of Information Act, UWU found that within the long day care sector in NSW, more than three-quarters (77%) of all enforcement actions taken by the regulator between 2015 and 2021 were against for-profit providers. This level of non-compliance is all the more striking given for-profit services made up just over half (57%) of the sector.

Shining a spotlight on the workforce crisis affecting the system, a major 2021 UWU survey of educators found that employees of for-profit providers were much more likely to report concerns around pay, staffing levels, and underappreciation by management – leading to a far higher level of intention to leave the workforce. Separate analysis undertaken by UWU found that, as a proportion of revenue, employee expenses among major for-profit providers (such as Affinity, G8, Only About Children, and Guardian) were all lower than major not-for-profit providers such as Goodstart.

Overall, for-profit providers have also disproportionately proven to be a drag on the system in terms of broader quality, as measured by the Australian Children's Education and Care Authority's (ACECQA) National Quality Standard (NQS). Nationally, ECEC services in the for-profit segment were twice as likely to be 'working towards [in other words, were currently failing] the NQS' than not-for-profit or government-run services. Conversely, within NSW itself, the proportion of not-for-profit long day care providers 'exceeding' the NQS was more than 20 percentage points higher than for-profits.

In this context, it is instructive that NSW has one of the highest rates of private for profit ownership compared to other states (58%) and, by extension, one of the lowest rates of public ownership. According to the latest ACECQA data, just 7% of centre-based services in NSW are in government hands, almost half that of the proportion in Victoria (13%). Cognisant of the affordability and accessibility ramifications of public ownership, the Andrews Government committed \$775 million over four years to further expand government provision of and involvement in ECEC. UWU notes that NSW has, to date, committed only around half of this amount. In a boost to the public provision of ECEC in Victoria, in November 2022 the Andrews Government committed to building 50 new centres in targeted areas; a move welcomed by UWU's members. We strongly recommend that the level and benefits of public ownership form a key part of the IPART inquiry.

Once again, UWU welcomes the review's acknowledgement – by way of its proposed terms of reference – that workplace issues are directly connected to the overall affordability, accessibility, and consumer choice elements of NSW's ECEC system. We look forward to providing further information on our members' lived experiences, and how they relate to the sustainability and future of the system, in the upcoming review.

Kind regards,



Helen Gibbons

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REFERENCES

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- [iv] Whitebook, M., D. Phillips and C. Howes (2014), *Worthy Work, STILL Unlivable Wages: The Early Childhood Workforce 25 Years after the National Child Care Staffing Study*. Centre for the Study of Child Care Employment, University of California, Berkeley, p. 6.
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