

THE HIDDEN LEVER:

HOW PAY AND CONDITIONS SUPPORT CHILD OUTCOMES IN LOW SES EARLY CHILDHOOD EDUCATION AND CARE SERVICES



2025

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The Front Project respectfully acknowledges the Traditional Owners of the land on which we work and learn, and pay respect to Elders, past and present. Sovereignty has never been ceded. It always was and always will be, Aboriginal land.

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'I think good pay, a good amount of time to carry out the non-contact work and enough time off to refresh and bring your best self to the children are important.'

- Anonymous,
Early Childhood Educator

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EXECUTIVE SUMMARY



STAFF CONDITIONS



SERVICE QUALITY



CHILD OUTCOMES

Delivering universal access to early childhood education and care (ECEC) will benefit families, children and society. However, the value of universal access will not be realised without prioritising service quality. The Front Project analysed the relationship between high-quality ECEC services and staffing conditions, particularly in low SES communities where we know children have the most to gain. We found an association between better workforce conditions and high-quality service delivery, which we know also has a positive impact on children.

RESEARCH PURPOSE

Evidence shows that quality ECEC is found to improve outcomes for children, especially for those from disadvantaged and vulnerable communities. In Australia the National Quality Framework ensures ECEC is regulated and sets the standards for quality, assessment and improvement.

2024 research from AERO found that children attending Exceeding services have better outcomes than those in Meeting services. Furthermore, children attending Meeting services have better outcomes than those attending Working Towards. This reveals a clear link between quality and improved developmental outcomes for children.

Given how important teachers and educators are to achieving quality, we were curious to uncover insights and trends on what workforce conditions support quality. To do this we examined industrial instruments from Exceeding and Excellent rated services in low SES areas in Australia.

METHODOLOGY

Several questions guided our research:

- What are the workforce and workplace profiles of SEIFA level 1 Excellent and Exceeding services?
- What are the specific conditions that staff are receiving and may influence quality outcomes for children?
- How could this information help guide policy?

Socio-Economic Indexes for Areas (SEIFA) ranks areas in Australia according to relative socio-economic advantage and disadvantage. SEIFA 1 services – those located in areas ranked as having high levels of socio-economic disadvantage - were examined.

Data was gathered from ACECQA's NQS Q2 2024 list of approved services, and filtered to SEIFA 1 Long Daycare & Preschool services with a rating of Exceeding or Excellent (350 services). From here, a sample was collected of 45 centres with EBAs, ranging across all jurisdictions and provider management types.

KEY FINDINGS

- In SEIFA 1 areas not-for-profits and Department/local government services make up 68% of services and 83% of all 'Exceeding/Excellent' services.
- 66% of SEIFA 1 Exceeding/Excellent services analysed in this sample are covered by an Enterprise Bargaining Agreement (EBA)*. This is much higher than the overall sector at 29.7%, suggesting a link between industrial conditions and service quality (ACECQA Q2 2024).
- Centres operating under EBAs consistently offer more generous staffing conditions than Award-reliant services. Multi-employer agreements tend to be high-quality due to the bargaining power behind them.
- Preschools and kindergartens (PSKs) generally offer better workforce conditions than long daycare centres (LDCs), due to their distinct operational model, funding structure, and history of enterprise/collective bargaining.

*Note this analysis was undertaken prior to the implementation of the Wage Justice Bill 2024.



WHAT MAKES A SERVICE EXCEEDING?

To be rated Exceeding NQS overall, all Quality areas must be at least Meeting NQS, and four or more Quality Areas must be Exceeding NQS, with at least two of these being:

- Quality Area 1: Educational program and practice
- Quality Area 5: Relationships with children
- Quality Area 6: Collaborative partnerships with families and communities
- Quality Area 7: Governance and leadership

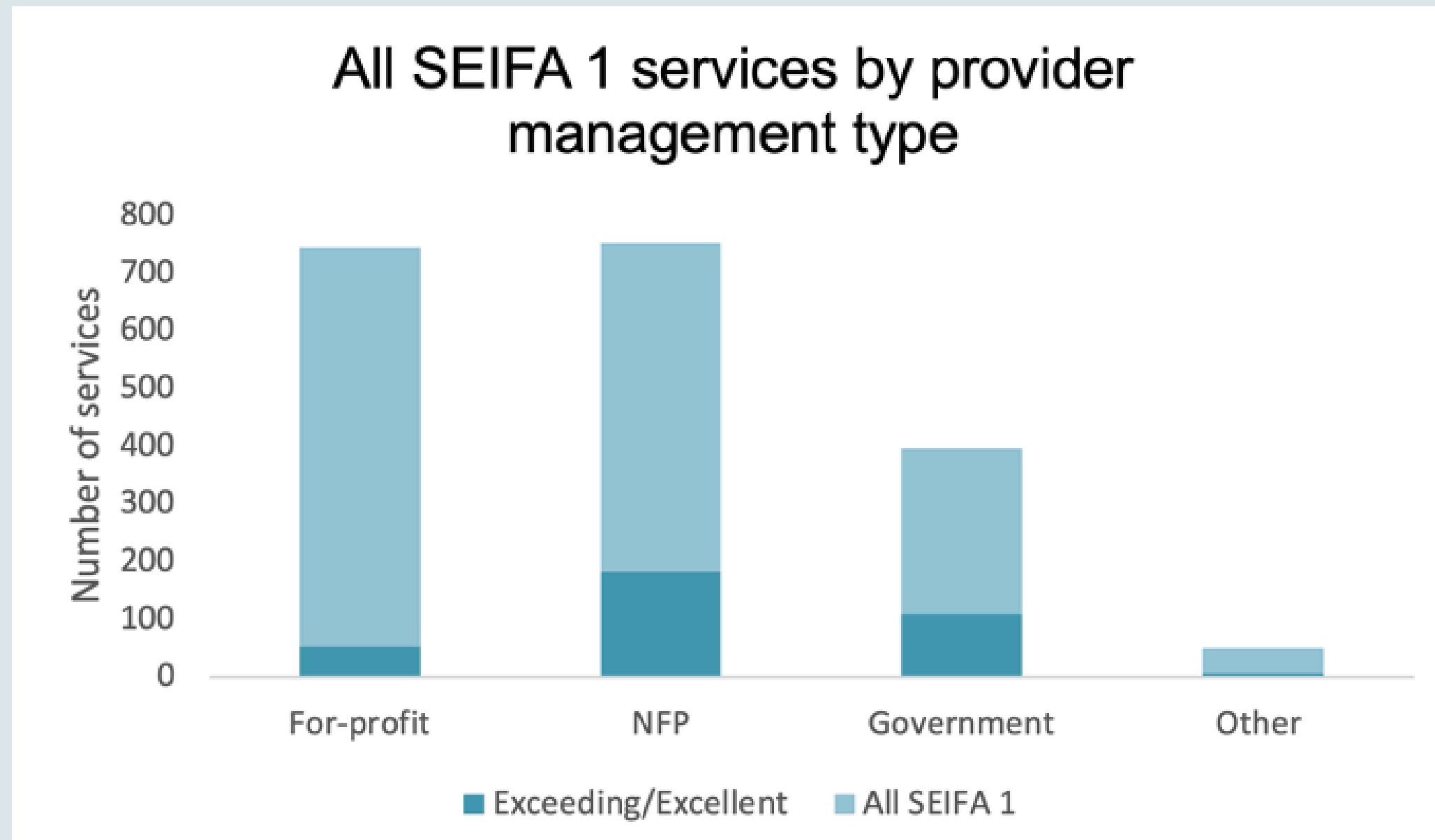
These Quality Areas orient around *structural quality* (qualifications, ratios, physical settings) and *process quality* (nature of interactions between educator and children). Process quality requires educators and teachers to dedicate time, training and resources, making the conditions under which educators work, highly influential.

To be rated Excellent, services that are Exceeding the National Quality Standard in all seven quality areas are eligible to apply for the Excellent rating. The Excellent rating is the highest rating achievable under the National Quality Framework.

I would suggest at minimum an ECT should have 6 hours per week of guaranteed and uninterrupted time out of the room.'

– Linda Churchill
Early Childhood Teachers & Educators Victoria

MARKET COMPOSITION



***Q2 2024**

For-profit providers make up 42% of the SEIFA 1 segment with 15% of SEIFA 1 'Exceeding/Excellent' services.

Not-for-profit providers make up 37% of the SEIFA 1 market, but have a much higher proportion of 'Exceeding/Excellent' services at 52%.

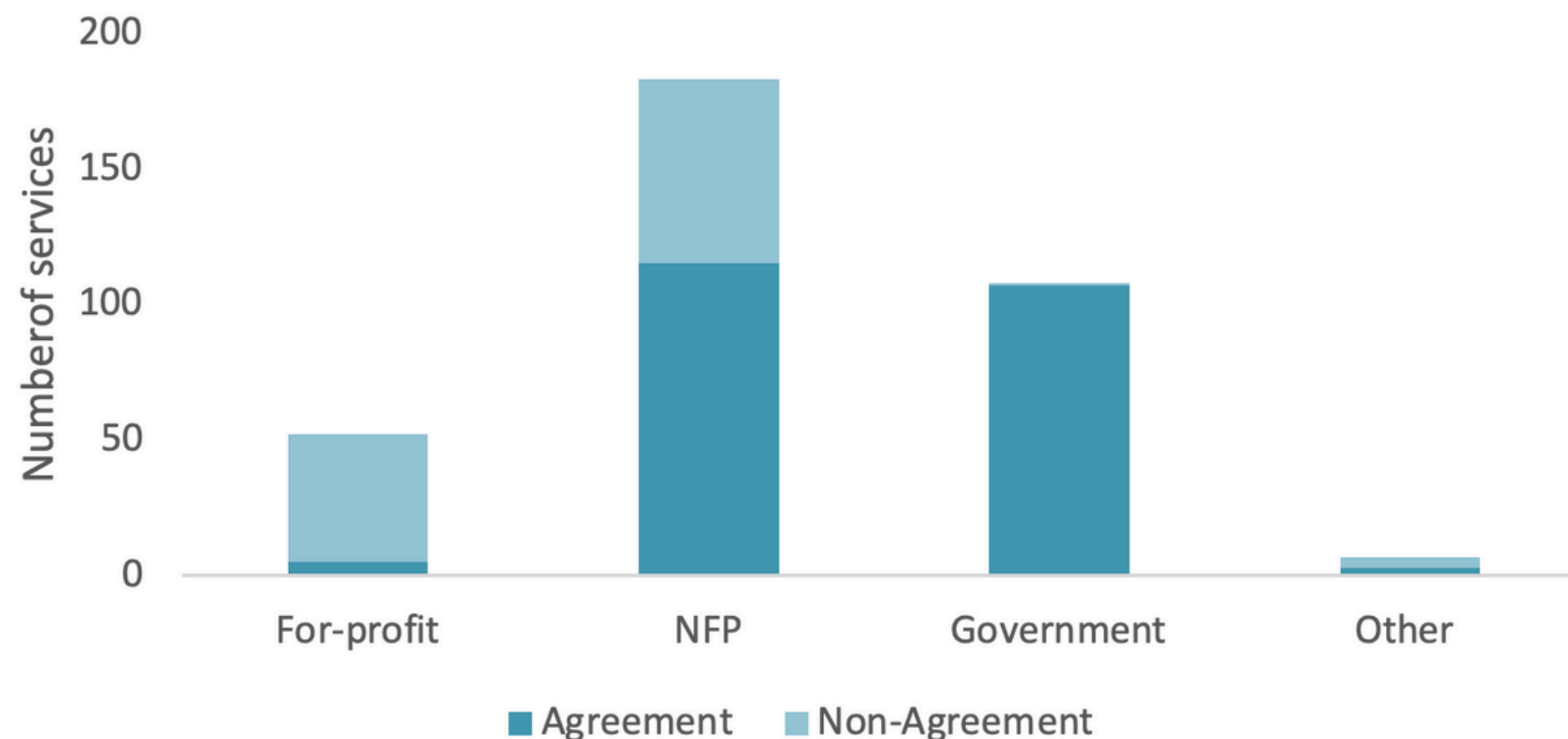
Services that are managed by government schools, state/territory education departments or local councils make up 31% of the SEIFA 1 'Exceeding/Excellent' services.

This demonstrates the value of not-for-profit and Department/local government providers, who are more likely to deliver outstanding services to children in low SES areas.

MARKET COMPOSITION



SEIFA 1 'Exceeding/Excellent' services by provider management type and agreement coverage



In SEIFA 1, 63% of 'Exceeding/Excellent' NFP providers are covered by an EBA, whereas only 10% of for-profit providers are.

100% of 'Exceeding/Excellent' services that are managed by government schools, state/territory education departments or local councils are covered by an EBA.

*This dataset does not include services recently signed to the Wage Justice Bill

This reveals that in SEIFA 1 areas:

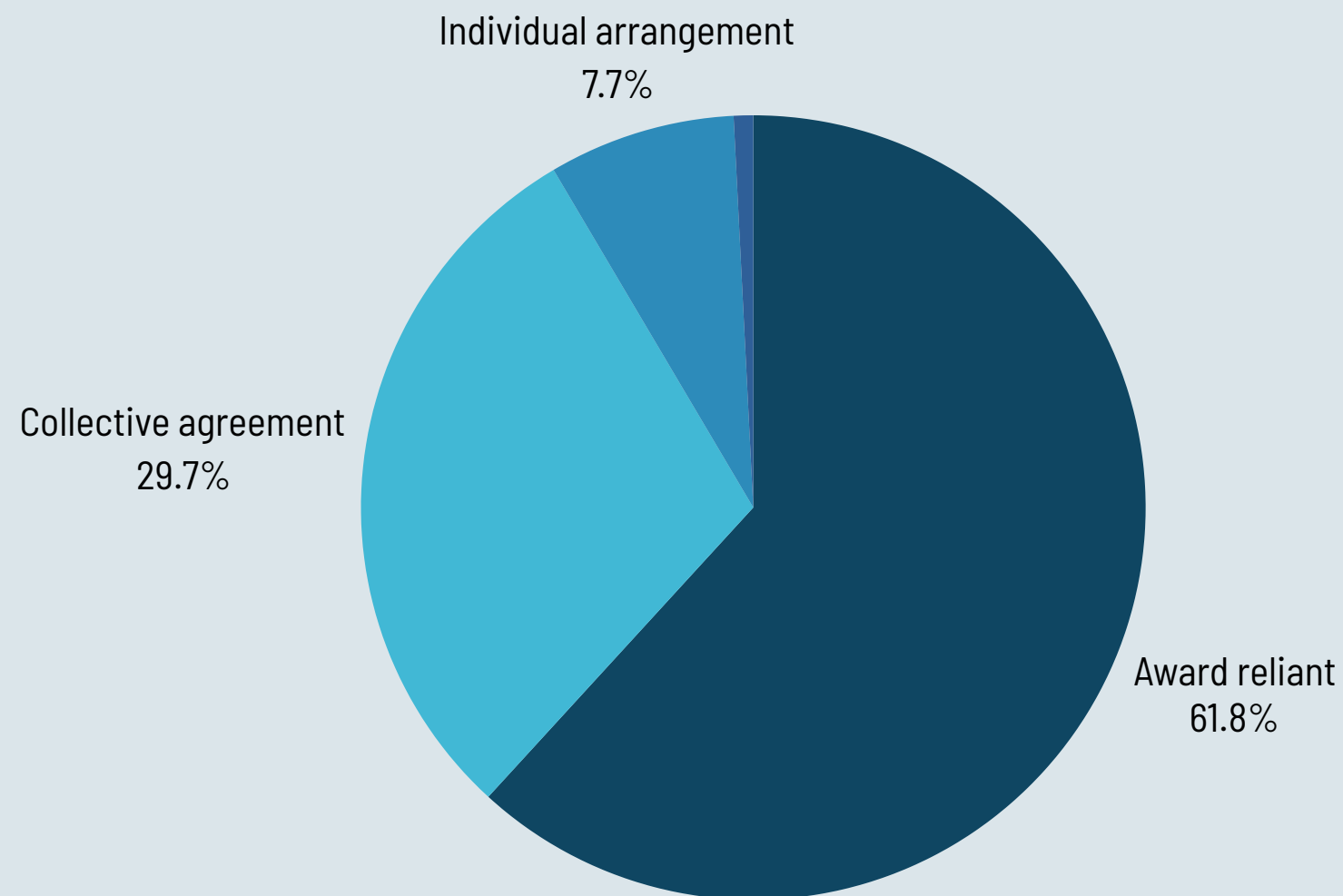
- Where there is high quality, there are higher proportions of coverage by enterprise agreements
- Where there is lower quality there is lower coverage of enterprise agreements.

High quality and better conditions travel together - as do lower quality and poorer conditions.

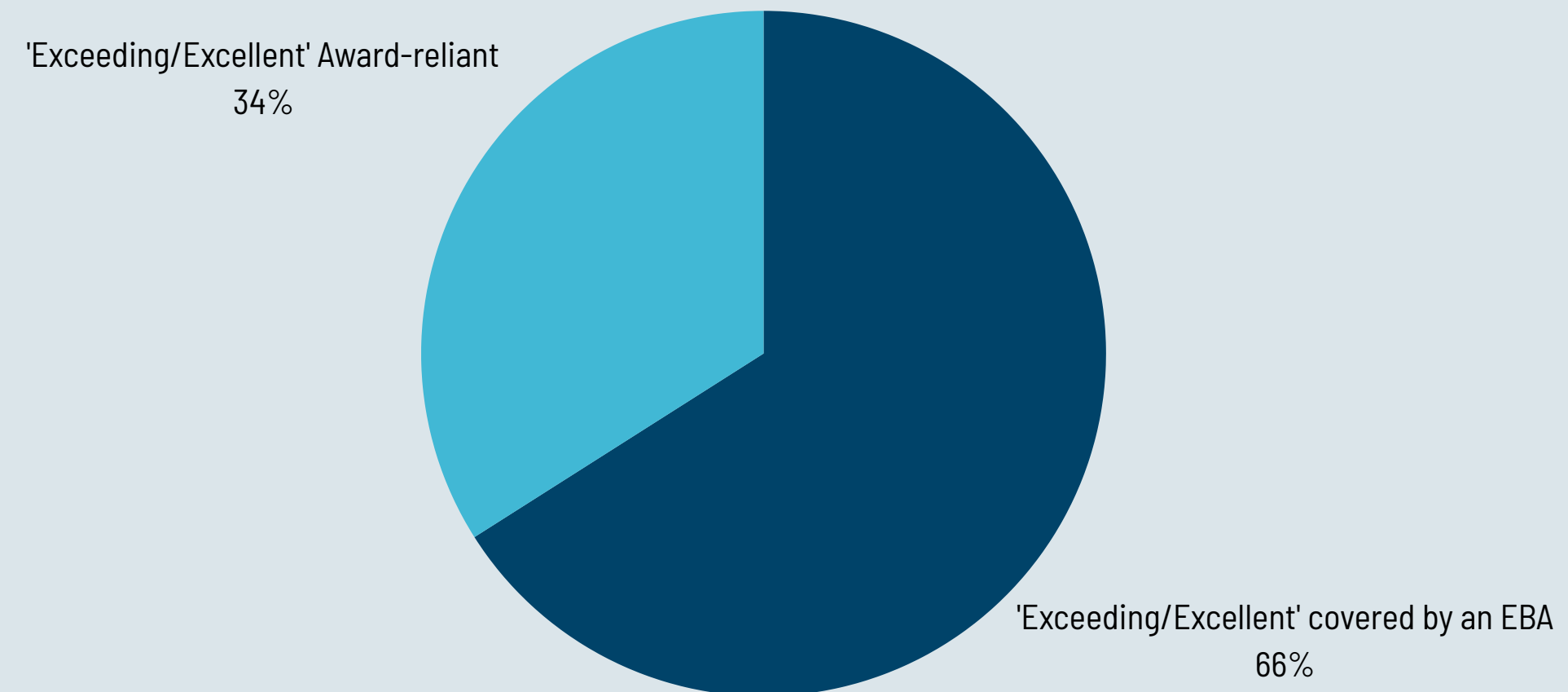
MARKET COMPOSITION AND INDUSTRIAL COVERAGE

According to the ABS (2021):

- 61.8% of the ECEC sector is award-reliant
- **29.7% on a EBA**
- 7.7% on an individual arrangement



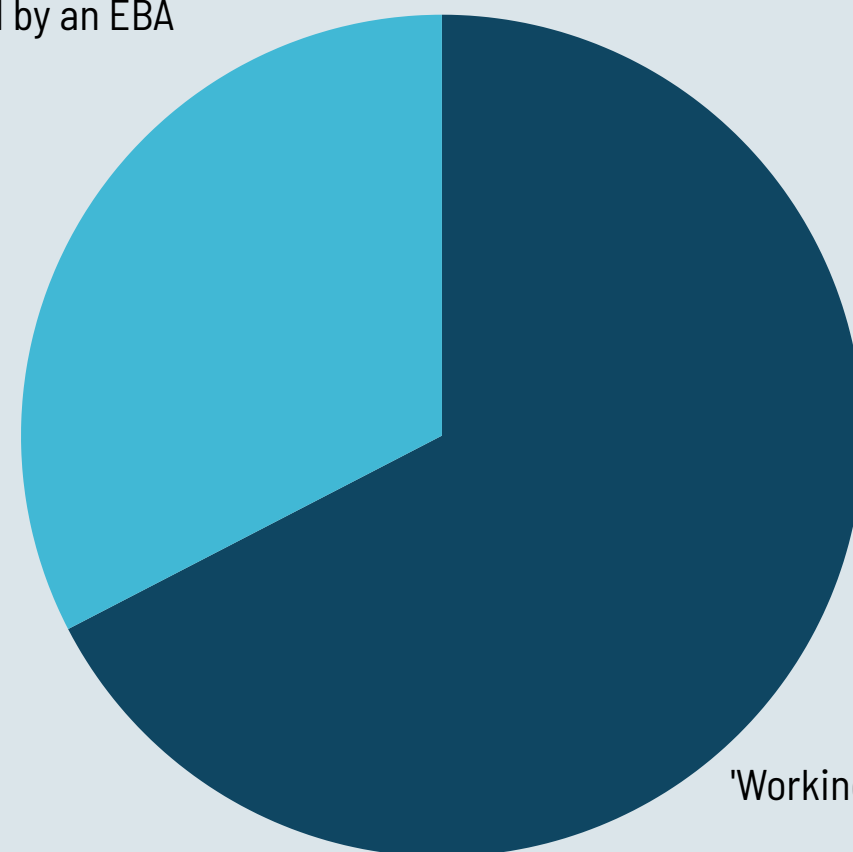
Comparatively, of the 350 SEIFA 1 'Exceeding' or 'Excellent' services analysed in this research, **66% were covered by an EBA.**



MARKET COMPOSITION AND INDUSTRIAL COVERAGE

98 'Working Towards' services in SEIFA 1 area were analysed for comparison. Of these, only 32.6% were covered by an EBA, demonstrating a relationship between NQF rating and EBA coverage.

'Working Towards' services covered by an EBA
32.6%



'Working Towards' services Award-reliant
67.4%



This data demonstrates that the proportion of 'Exceeding' and 'Excellent' services in SEIFA 1 areas covered by an EBA (66.7%) is more than double that of Working Towards services in SEIFA 1 areas (32.6%), showing a strong association between employment conditions and quality.

The coupling of better employment conditions and high quality is significant given the association between high quality services and positive children's outcomes.

EBA ANALYSIS: STAFFING CONDITIONS AND BENEFITS

The findings in this table represent a sample of 45 services with EBAs, consisting of a mix of provider types and jurisdictions across Australia.

EBA benefits analysed included non-contact time, professional development, career progression, leave, allowances, and wages.

The conditions noted in this table are consistently superior when compared to the Award.

Average across 45 services with EBAs:			
Non-contact time (NCT) (programming, planning, assessment, admin): <ul style="list-style-type: none">• 66.6% (30/45) offer above-Award NCT, with 40% of total services (18/45) offering 5+ hours per week• 10 services, all NFPs, offer 10hr NCT per week• 33.3% (15/45) offer the Award amount of 2h p/week	Professional development (PD)/ study leave: <ul style="list-style-type: none">• 64% (29/45) offer a form of PD, however only 44% (20/45) mandate payment/TIL• 33% (15/45) services offer a form of study leave, with 46% of those offering 1 day's paid leave• Several specify employer discretion, with no mandated pay or quantity of leave.	Parental leave: <ul style="list-style-type: none">• 62.2% (28/45) services offer paid parental leave (PPL), ranging from 6 weeks - 20 weeks• SASPESEA was most generous, offering 20 weeks if employed in the SA public sector 5+ years• VECTEA grants employees minimum 16 weeks weeks PPL, with superannuation and paid leave entitlements accruing	Personal leave: <ul style="list-style-type: none">• 52% (23/44) offer above award leave, with 37.7% (17/45) offering 25 days p/a in the first year of service, and 25 days every year thereafter.
Comparison: The Educational Services (Teachers) Award:			
2h per week	Not required	12 months unpaid leave	10 days paid leave p/a



This data illustrates some of the additional benefits that services that teachers and educators receive under EBAs. It indicates some of the workforce conditions that support quality.

WHAT CAN GOVERNMENTS DO?

We can see the role of state and territory governments in supporting the workforce conditions for quality in preschool - often as an employer, or at least a funder.

Victoria

In Victoria, 53% of 'Exceeding/Excellent' SEIFA 1 services operate under one of the two benchmark agreements: VECTEA (2020) or EEEA (2020). The Victorian Government incentivises quality by offering additional funding for services operating under the benchmark EBA in order to encourage quality programs and outcomes for children. Services can choose to opt-in to receive the additional benefits or opt-out and receive a lower rate.

For example teachers under VECTEA receive 12.5 hours of paid planning time per week, compared to just 2 hours under the award.

South Australia

In South Australia the sizeable coverage and superior wages and conditions in the SA School and Preschool Educational Staff EA 2024 makes working in these centres appealing. 71% of the exceeding SEIFA 1 services are government preschools covered by this agreement.

In response to the recommendations of Commissioner Julia Gillard, the South Australian Government is now incentivising quality in LDC services by putting conditions on preschool funding. These conditions include:

- 2 hours additional planning time each week for ECTs
- 2 additional professional development days
- mandatory engagement in local professional development networks.

WHAT CAN GOVERNMENT DO?

The *Wage Justice for ECEC Workers Bill 2024*, which gives ECEC staff a 15% pay rise over the next 12 months is the first time the Commonwealth government has stepped in, by supporting the negotiation process and funding an increase.

ECEC staffing vacancies (across all levels of management and program types) have decreased by 26% since February 2024 with the first payment coming through in December 2024, showing the positive impact that occurs when government comes to the table (Jobs and Skills, 2024).

Of the 132 SEIFA 1 'Excellent/Exceeding' services currently signed onto the wage increase, 101 (77%) are for-profit. This suggests the new MEA has been effective in targeting services less likely to be covered by agreements.

However, a wage increase on it's own is unlikely to be the whole answer when it comes to supporting quality uplift.



*The conditions that support me to excel in my role are...
'Non-contact time, support with children displaying
neurodivergent, trauma or emotional dysregulation, more
time with all educators at service to embed consistent
quality practices'*

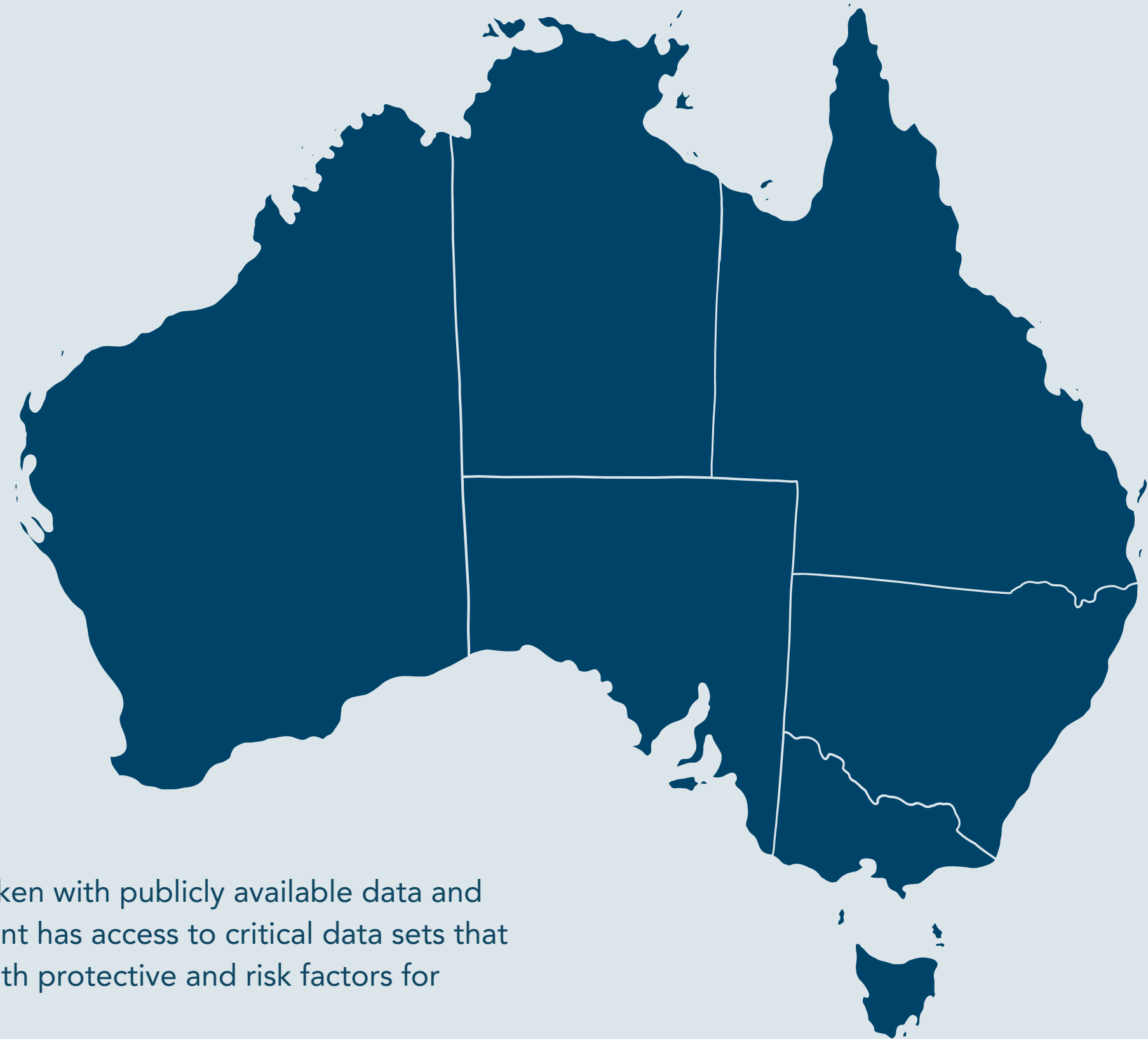
– Anonymous, Early Childhood Teachers & Educators
Victoria

WHAT CAN GOVERNMENT DO?

These findings provide insight into what the workforce need and what employers - including governments - can do to drive quality.

At a **state and territory** level, governments can have a role in supporting workforce conditions for quality in preschool, as a funder and often as an employer.

At **Commonwealth** level, government can leverage \$14b in Child Care Subsidy to drive the conditions that we know drive quality and outcomes for children, and put providers on the hook for delivering this.



Furthermore, this research has been undertaken with publicly available data and information shared by individuals. Government has access to critical data sets that can be leveraged to seek out instances of both protective and risk factors for quality for children and families.

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