

Securing children's future

Nordic-style investment needed in early years learning

Planned new funds from the national and two major state governments for early years learning have huge potential. Nordic-style measures to reduce privatised childcare – and now boost wages, job security and training support for children's educators and carers – are urgently needed to realise that potential.

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Introduction

In May 2022 a new national government was elected in Australia with a policy to spend \$5.4 billion dollars over the next four years to increase subsidies to reduce the costs of childcare fees paid by working parents. The centrepiece of this is a promise to increase to 90 per cent the maximum childcare subsidy paid by government for every family earning less than \$530,000 in household income.¹

The new Prime Minister, Mr Anthony Albanese, has identified that childcare is not “a cost...it is an investment; it is an investment in women; it is an investment in families, it’s an investment in our economy”.² He correctly emphasises the big returns that childcare investment will bring, including from women’s increased workforce participation. Mr Albanese has further indicated his aim to make universally accessible, high-quality early learning a major policy legacy of his government.³ Broadening coverage beyond the people who currently gain childcare support to make it more universal will be positive, because it will give more socio-economic groups a stake in the provision of benefits.

Then, on consecutive days in June 2022, the New South Wales (NSW) and Victorian State governments announced major new investments in early childhood education and care (ECEC).

In NSW, the government pledged up to \$5 billion over the next ten years to expand access to high-quality, affordable ECEC. This foreshadows grants to childcare providers to upgrade infrastructure and establish new centres. The government says it will focus on areas where there is limited access, or where a shortage of childcare places creates the biggest barriers to parents returning to work. It expressly seeks to “complement the Commonwealth’s demand-side childcare policy framework through...supply-side funding”.⁴

The Victorian government, meanwhile, has promised \$9 billion over the next decade for an ambitious ECEC overhaul which will include making kindergarten (which in

¹ Australian Labor Party (2022) *Labor’s Plan for Cheaper Child Care*, <https://www.alp.org.au/policies/cheaper-child-care>

² Channel 7 leaders’ debate, 11 May 2022, <https://www.youtube.com/watch?v=d5QcnaeDaew> (from 1.08.48 mins to 1.08.55 mins).

³ The Parenthood (2022) *A better deal for families was key to 2022 Federal Election*, https://www.theparenthood.org.au/key_to_2022_federal_election

⁴ Perrottet (2022) *Media Release: Unprecedented childcare boost for families*, <https://www.nsw.gov.au/media-releases/budget-2022-affordable-childcare>

Victoria means the year before school) free across the state from 2023.⁵ This will be both for four-year-olds, *and* for the increasing number of three-year-olds who have been gradually entering Victorian kindergartens as part of a planned approach by the Victorian government since 2020.⁶

Making pre-school or kindergarten free for more children under the age of four is a particularly significant move. This is because Australia has long lagged very far behind nearly all other rich nations in terms of three-year-olds' enrolment in *pre-primary education*. Here that rate is measured at just 15 per cent compared with the OECD average of 69 per cent, and rates of 84 per cent in Britain, 87 per cent in New Zealand, 91 per cent in Denmark, 93 per cent in Sweden and 95 per cent in Norway.⁷ The earlier that children enter high-quality education and care, the better learning, behavioural and developmental outcomes are achieved. Moving in this Nordic direction will also bring correspondingly larger workforce participation and revenue benefits.

The Victorian government has, in addition, announced that it will transition four-year-old kindergarten to become a year of 'Pre-Prep'. This will involve a 30-hour a week high-quality program delivered through kindergartens and long day care centres, to give every four-year-old child in the state the opportunity to socialise and learn through play.

Victoria's announcements, like NSW's, are made "in concert" with Federal government changes. New centres are to be located in areas with the greatest unmet demand. Where possible, these will be co-located with schools to avoid the 'double-drop off', and alongside hospitals, TAFE institutes and major employers' locations to create convenient access for working parents.⁸

These are very positive and exciting developments in Australia. They are the result of determined advocacy by many groups and individuals over many years. They have the potential to improve Australia's investments in the early years of life up towards the levels of the five, world-leading Nordic nations.

⁵ Andrews (2022) *Media Release: Best Start, Best Life: Early Childhood Education That Works*, <https://www.premier.vic.gov.au/best-start-best-life-early-childhood-education-works>

⁶ See Victorian Government (2022) *Celebrating the statewide launch of funded Three-Year-Old Kinder*, https://www.education.vic.gov.au/about/news/Pages/stories_update_Celebrating-the-statewide-launch-of-funded-Three-Year-Old-Kinder.aspx

⁷ Organisation for Economic Cooperation and Development (2017) *Starting Strong 2017: Key OECD Indicators on Early Childhood Education and Care*, Figure 4.4, page 128.

⁸ Andrews (2022) *Media Release: Best Start, Best Life: Early Childhood Education That Works*, <https://www.premier.vic.gov.au/best-start-best-life-early-childhood-education-works>

The two major state governments' announcements are also well-informed by research, from Nordic countries' successful experiences, that meeting young children's foundational developmental needs, including their need to form their identity and to feel secure in themselves, is best done in a way that respects their natural learning strategies. That means children learning through play, through interaction with each other and with the natural world, through co-operative activities, and through personal investigation. This research has emphasised the importance of children developing curiosity, and enjoying and feeling confident about learning, rather than having to meet pre-determined requirement levels of knowledge and proficiency.⁹

The NSW and Victorian governments co-authored a letter of intent describing their announcements about early childhood education as "a long-term policy commitment that will change lives".¹⁰

⁹ See OECD (2006) *Starting Strong II: Early Childhood Education and Care*, page 59-61.

¹⁰ Andrews (2022) *Joint Commitment to Transform Early Education*,
<https://www.premier.vic.gov.au/joint-commitment-transform-early-education>

Reducing the dominance of for-profit providers

There are, nevertheless, some differences between the two major state governments' policy approaches. One of these is that new childcare centres in Victoria will start opening in 2025, whereas in NSW most new funding will not begin until 2026-2027.

The most significant difference, however, is that NSW will focus on paying *private* operators to make their services more accessible and affordable, whereas Victoria's plan includes establishing 50 new *government owned and operated centres*. Direct public provision will ensure more effective planning of services to fill the gaping "childcare deserts" in which more than one third of Australian families now live.¹¹

The Victorian approach will also help to start reducing the stark imbalance which has built up in favour of private, for-profit providers in Australia.

Australia has the third highest proportion in the OECD of *private* childcare providers which receive government funds: at 77 per cent; compared to 13 per cent in Iceland, and 17 per cent in Sweden and Denmark. In Norway, 46 per cent of private childcare providers receive government funds,¹² however, most of those are not run to make a profit.¹³ In Australia today, more than half of all childcare providers – and more than two thirds of long day care services – are run to make a profit.¹⁴ To achieve the aim that ECEC in Australia becomes an essential service, like Medicare, it has to be delivered more on a basis of public need than private profit.

To sustain adequate public expenditure on childcare, and to avoid further escalating fees for parents in Australia, there will need to be less reliance in future on paying subsidies to private, for-profit operators. These payments evaporate to an alarming extent into the wealth of commercial beneficiaries, instead of going to sufficiently support wages and secure conditions for quality early childhood educators.¹⁵ Australia

¹¹ Hurley et al. (2022) *Deserts and Oases: How Accessible is Childcare in Australia?*, Mitchell Institute.

¹² OECD, *Starting Strong 2017*, Figure 4.6, page 131.

¹³ Guy Roberts-Holmes and Peter Moss (2021) *Neoliberalism and Early Childhood Education: Markets, Imaginaries and Governance*, page 65, Routledge.

¹⁴ Australian Children's Education & Care Quality Authority (2022) *State of the sector*, <https://snapshots.acecqa.gov.au/Snapshot/stateofthesector.html>

¹⁵ See United Workers' Union (2021) "*Spitting off Cash*": *Where Does All the Money Go in Australia's Early Learning Sector?*

needs to move to a better balance between public, community and for-profit provision.

Productivity Commission enquiry into early childhood education and care

Australia's new national government has committed to "improve transparency in the childcare sector, by forcing large providers to publicly report revenue and profit" and to "ban non-educational enrolment inducements".¹⁶ It also plans to create a "mechanism to drive out of pocket [childcare] costs down for good in Australia".¹⁷ It envisages the Australian Competition and Consumer Commission to play a central role in this, though it is unclear how that will work.

The Australian government needs to look closely now at the way Nordic countries cap childcare fees, and curtail the presence of for-profit providers, so as to keep services affordable for parents. The net childcare costs for a couple on an average wage amount to just 5 per cent of household income in Iceland and Sweden, 8 per cent in Norway, and 10 per cent in Denmark – compared to the 20 per cent currently paid by families in Australia.¹⁸

The terms of reference for the national government's planned new Productivity Commission enquiry into ECEC, with the aim of implementing more universal support for families, are not yet known. There are concerns that past Productivity Commission reviews of ECEC had limited terms of reference; and that, even when broad terms of reference were given by the last Labor government for one review, these were not fully explored. This has been attributed to the fact that Productivity Commission "recommendations are imbued with [narrow] economic values [that] give preference to targeted" – which explicitly means not universal – provision.

¹⁶ Australian Labor Party (2022) *Early Years Strategy*, <https://www.alp.org.au/policies/early-years-strategy>

¹⁷ *Ibid.*

¹⁸ OECD (2019) *Net childcare costs*, <https://data.oecd.org/benwage/net-childcare-costs.htm>

In addition, there is concern that the Productivity Commission works too much within “traditional gender norms” contrary to evidence that aiming for gender equality brings much better outcomes both economically and socially.¹⁹

Any new Productivity Commission enquiry into how to achieve universally accessible, high-quality early learning in Australia should consider whether, after examining Nordic countries’ experiences, it will make better economic sense to provide more public and community ECEC directly and freely – instead of continuing to raise subsidies towards payments made by parents to predominantly private, profit-driven providers. This will require the Commission to use broader methodologies than it has in its past enquiries.

The Productivity Commission enquiry should also be given a stipulated focus on gender equality. This will be in keeping with the new government’s democratic mandate, and with the emphasis which the new Minister for Early Childhood Education, Dr Anne Aly, has placed on how universal childcare will advance gender equality.²⁰

Initiatives have recently emerged from some state governments to restore the gender responsive budgeting which Australia invented some decades ago but later abandoned.

Gender budgeting aims to ensure that significant government financial decisions are not taken if they will worsen, rather than make better, Australia’s current unacceptable level of inequality between women and men. A return of gender financial auditing to government nationally is overdue, and it can be expected to improve policies for children.²¹

¹⁹ Corr and Carey (2017) *Investigating the Institutional Norms and Values of the Productivity Commission: The 2011 and 2015 Childcare Inquiries*, page 147-159 Australian Journal of Public Administration, Vol. 76, No. 2.

²⁰ Hare (2022) *‘Lived experience’ will direct Aly’s policy choices*, <https://www.afr.com/politics/federal/lived-experience-will-direct-aly-s-policy-directions-20220607-p5arv3>

²¹ Freidenvall and Sawyer ‘Gender Budgeting: Australian Innovation and Swedish Delivery’, in Andrew Scott and Rod Campbell (eds) (2021) *The Nordic Edge: Policy Possibilities for Australia*, page 121-122 Melbourne University Press.

Better integrating early childhood education and care

The Prime Minister, Mr Albanese, highlighted a problem at the crux of current early childhood policy in Australia when he rhetorically asked about Australia:

How crazy is it in 2022...that when your youngest child goes into kindergarten all of a sudden families are better off? That makes no sense...It's a disincentive...to participate in the workforce that really penalises families for having children. We need to do much better.²²

If childcare is increasingly treated like kindergarten or pre-school, which is the direction of the Victorian reforms for integrated childcare, kindergarten and Pre-Prep, starting at a younger age than four years old – and which has long been the case in Nordic countries – then these affordability barriers for parents in Australia will reduce earlier.

As Emeritus Professor Deborah Brennan has pointed out:

In Sweden, since the mid-1990s, pre-schools and childcare services, though they developed separately, have been increasingly brought together as ECEC services in recognition of the valuable social learning which takes place in settings formally designated as being for child-minding.

...the bringing together in Australia of pre-schools or kindergartens, as they are variously known in different states, on the one hand – and childcare centres on the other hand – into integrated ECEC services has been hampered by the fact that the childcare sector in Australia is so marketised, whereas early education for three- and four-year-olds is mostly not marketised...

Further, the federal system in Australia aggravates the difficulties in achieving integrated ECEC...[because the] national government focuses on childcare services which meet the needs of working parents, while state governments deliver educationally focused pre-school and/or kindergarten programs.

...Funding mechanisms, subsidy structures and various eligibility rules have exacerbated this division between the types of services provided by each level of

²² Channel 7 leaders' debate, 11 May 2022, <https://www.youtube.com/watch?v=d5QcnaeDaew> (from 30.48 mins to 31.14 mins).

government, rather than those services being coherently driven by the needs of parents and families.²³

The spirit of cooperation between the new national, and the NSW and Victorian governments, now provides a once in a generation opportunity to overcome those obstacles, to move for more integrated early childhood education and care in Australia.

The benefits of fuller integration of childcare with education include more universal entitlements, more affordable access, a more unified and well-educated workforce, and higher quality learning.²⁴

The new national government has also given a commitment to develop and implement a holistic government Early Years Strategy.²⁵ This aims to better coordinate programs and funding which affect early childhood development, that are currently scattered across different departments. A Steering Committee is to develop the Early Years strategy, led by senior representatives of the relevant line departments as well as from the Department of Prime Minister and Cabinet. In order to achieve these objectives, it will be essential for this Steering Committee to have a sufficiently wide set of participating stakeholders.

²³ Quoted in: Andrew Scott (2014) *Northern Lights: The Positive Policy Example of Sweden, Finland, Denmark and Norway*, page 77, 81-82, Monash University Publishing.

²⁴ OECD (2017) *Starting Strong 2017*, page 64 <https://www.oecd.org/education/starting-strong-2017-9789264276116-en.htm>.

²⁵ Australian Labor Party (2022) *Early Years Strategy*, <https://www.alp.org.au/policies/early-years-strategy>

Boosting wages, job security and training support for ECEC workers

The most urgent problem to tackle in Australia’s early childhood sector – and a necessary precondition for the other objectives for children’s development and wellbeing to succeed – is that ECEC workers now receive better pay and be employed on a more secure and fulfilling basis.

Australia’s ECEC workforce is teetering in a very precarious position post-COVID as it struggles to recruit and retain the educators and carers needed. The latest National Skills Commission figures show that vacancies for childcare centre managers, early childhood (pre-primary school) teachers and child carers hit a new record high number of 6,647 in May this year.²⁶ The 2012 workforce strategy for the sector lapsed in 2016 and the Coalition government failed to prepare a new one for five years. That appalling lack of planning put ECEC workers under more pressure when COVID struck.

Professor Karen Thorpe and colleagues describe how “interactions between educators and children are the critical element of optimal child learning” and how, in turn, “positive emotional interactions between children and educators, having regard for the child’s perspective, depend...on a stable and supported workforce”.²⁷

However, a recent Australian survey shows that children’s ability to learn, and their enjoyment of play, is being disrupted by their constantly encountering new educators and carers, and how this often brings explicit separation anxiety. As many as 37 per cent of early childhood educators and carers do not plan to stay in their jobs long-term, and three out of four who intend to leave will do so in the next three years.

The survey data also shows that the main reasons ECEC workers are leaving are low pay, feeling undervalued and excessive workloads. Educating and caring for children is one of the most important and demanding occupations in Australia, yet it is one of the lowest paid.²⁸ An entry level ECEC support worker is paid under the Children’s Services

²⁶ Detailed occupation data at: Australian Government National Skills Commission (2022) *Internet Vacancy Index*, <https://www.nationalskillscommission.gov.au/topics/internet-vacancy-index>

²⁷ Thorpe et al. (2022) ‘*Greatest Transformation of Early Education in a Generation*’? Well, That Depends on Qualified, Supported and Thriving Staff, <https://theconversation.com/greatest-transformation-of-early-education-in-a-generation-well-that-depends-on-qualified-supported-and-thriving-staff-185210>.

²⁸ United Workers’ Union (2021) *Exhausted, Undervalued and Leaving: The Crisis in Early Education*, page 23, 3, 7, 10, 12, <https://www.voced.edu.au/content/ngv%3A91207>

Award at an hourly rate of \$21.85, just a few cents more than the minimum national award wage rate of \$21.38 per hour. The award wage rate for a Qualified Educator who has studied full time at TAFE for nearly a year to gain a Certificate III qualification is just \$24.75 per hour.²⁹

To make matters worse, it is the best and brightest child educators and carers, the ones Australia now needs most, who are most likely to leave their roles. Workforce retention rates, and understaffing, are far worse in for-profit providers than other types of providers. The pressure from casualisation causes more than 80 per cent of educators in for-profit providers to worry that they do not have enough time to provide quality education and care for the children. The largest single for-profit provider, G8 Education, runs more than 450 centres and is listed on the Australian Stock Exchange. 90 per cent of the ECEC workers employed by G8 report that they 'always' or 'often' feel rushed when performing major educational and caring tasks.³⁰

The requirements which have been made of ECEC workers, to gain more qualifications to fulfill their vital role in children's development, have simply not been matched by commensurately better wages and prospects to sustain and progress their work in the profession that they love. This needs to change if Australia is to unlock the huge financial benefits from increased, general workforce participation which will flow from a fully and securely staffed ECEC workforce.

Therefore, it will be logical to bring forward a modest proportion of the large headline sums of new money that have been announced to improve children's learning and development in Australia in several years' time, to top up ECEC workers' wages in the shorter term. This will guarantee the supply of qualified workers needed for the other parts of the visionary new policy announcements for Australian children to be realised.

Australia's new Education Minister, Mr Jason Clare, has welcomed the NSW and Victorian initiatives as building on the work of the last Federal Labor Government fifteen years ago when it funded a national partnership for early childhood education.³¹ The new Federal Labor government should now lead work with states and territories on steps to supplement ECEC workers' wages. Doing this will encourage Queensland, Western Australia, South Australia and Tasmania, and the Australian Capital Territory and Northern Territory, to join NSW and Victoria, in a new national

²⁹ Calculated from materials at: Australian Government Fair Work Ombudsman (2022) *Fair Work Ombudsman*, <https://www.fairwork.gov.au/>

³⁰ United Workers' Union, *Exhausted, Undervalued and Leaving*, page 9, 4, 18, 19, <https://www.voced.edu.au/content/ngv%3A91207>

³¹ Clare and Aly (2022) *Albanese Government welcomes preschool commitment*, <https://ministers.education.gov.au/clare/albanese-government-welcomes-preschool-commitment>

cabinet partnership to invest in more provision of high-quality, early years learning for all Australian children, so as to achieve the government's planned policy legacy.

Initiatives taken in Nordic countries, which have been endorsed by the OECD, can inform ways to boost wages for ECEC workers in Australia, and can also help in other ways to tackle the sector's workforce crisis.

Sweden's 'Teacher Salary Boost' programme was a targeted government grant introduced in 2016 explicitly to raise the pay of higher qualified pre-primary teachers. It provided 65,000 pre-primary teachers with an average wage increase of \$411 a month in that year.³²

Evaluation of the programme published in 2021 found that the 'Teacher Salary Boost' was a well-used government grant with more than half of all registered teachers sharing in the initiative. Further, in implementing it, providers took more account than before of students' needs and circumstances. For three-quarters of these teachers this became a permanent pay increase. The 'Teacher Salary Boost' contributed to existing pre-primary teachers viewing the profession as more attractive and succeeded in encouraging many to stay in the profession.³³

The OECD also recommends that countries expand the role of practical experience, and workplace-based learning, in the education of ECEC workers. Of countries which provide good examples of integrating practical experience into pre-service training, the OECD highlights Denmark's as the most comprehensive. There, student ECEC teachers complete the equivalent of more than one year of practical placements, during which they receive a 'practicum salary'. To become an early childhood teacher in Denmark, students must complete a three-and-a-half-year bachelor's degree, of which one third consists of practical placements inside ECEC settings.³⁴

This emphasis on placement is based on sound pedagogical principles, namely that a strong interplay between learning in an educational institution and learning in a workplace is a core element of professional development. The two different 'learning

³² OECD (2019) *Good Practice for Good Jobs in Early Childhood Education and Care*, <https://www.oecd.org/education/good-practice-for-good-jobs-in-early-childhood-education-and-care-64562be6-en.htm>, page 20. All currency conversions in this report are based on the average rate at the end of the relevant financial year as set out in <https://www.ato.gov.au/Rates/Foreign-exchange-rates/>

³³ Statskontoret (2021) *Evaluation of the government grant for the Teachers' Pay Boost*, <https://www.statskontoret.se/in-english/publications/2021/evaluation-of-the-government-grant-for-the-teachers-pay-boost.-final-report/>

³⁴ OECD, *Good Practice for Good Jobs in Early Childhood Education and Care*, page 24, 21.

spaces' are seen as equally significant for the students, with university education not just being about 'theory', and workplace education not just being about 'practice'.

Placements for Danish ECEC students take place in four blocks. The first lasts for 32 days with students working an average of six hours per day. The second and third last for six months at an average of 32.5 hours per week. The fourth lasts for 16 days. Students receive payment throughout. For the first and fourth placements, students receive a government funded grant. During the second and third placement, students are paid by the provider.³⁵

A qualified ECEC teacher supervises students throughout their placements. Supervision is provided informally throughout the day, and more formally through planned meetings. These meetings last for an average of about one hour per week. Placement supervisors receive a wage bonus for the role. In 2017, the practicum salary for students was \$1,974 per month. For the other placements, as well as the time they spend studying, ECEC students receive a grant of \$1,185 per month from the government.³⁶

It will be useful now for the Australian government to consult with stakeholders on increasing the practical components of ECEC courses, informed by Denmark's approach.

In Denmark, studying to become an ECEC worker is free at all types of institutions. The Victorian Minister for Early Childhood and Pre-Prep, Ms Ingrid Stitt, highlights the importance of fee-free TAFE now for more entry into early childhood Diploma, Certificate and other TAFE courses to help meet Australia's workforce shortage.³⁷ The new national government's commitment to fee-free TAFE in all states and territories will assist this.

However, in addition, much more generous scholarships will be needed to ensure greater uptake of early childhood qualification studies in both TAFES and universities.

³⁵ Jensen (2015) *Placement Supervision of Pedagogue Students in Denmark: The Role of University Colleges and Early Childhood Centres*, page 154-167, *Early Years: An International Research Journal*, Vol. 35, No. 2.

³⁶ OECD, *Good Practice for Good Jobs in Early Childhood Education and Care*, page 21, <https://www.oecd.org/education/good-practice-for-good-jobs-in-early-childhood-education-and-care-64562be6-en.htm>

³⁷ Waters et al. (2022) *Staff shortages threaten Andrews' \$9bn preschool overhaul*, <https://www.theage.com.au/politics/victoria/staff-shortages-threaten-andrews-9bn-preschool-overhaul-20220616-p5au68.html>

Given the magnitude of the current workforce crisis, it will also be necessary now for the Australian government to declare ECEC workforce supply a matter of national priority, and as part of this to provide more Commonwealth Supported Places for enrolments in university Bachelor of Early Childhood Education degrees.

Conclusion

Planned new investments by the Australian, NSW and Victorian governments for children have considerable potential. They herald more cooperation between different tiers of government which could create a major policy legacy. They will help to improve Australia's internationally low rate of pre-primary education and could help to better integrate early childhood education and care.

To realise this potential, Nordic-style measures to reduce privatised childcare – and now boost wages, job security and training support for children's educators and carers – are urgently needed. A commitment to meeting young children's foundational developmental needs lies at the heart of Nordic countries' global leadership in children's policy. Australia now has a wonderful opportunity – in setting the terms of reference for the planned new national Productivity Commission enquiry on more universal support for early years learning and care – to *support gender equality*. The Commission's Terms of Reference must be suitably broad. So too must the range of participating stakeholders in the Steering Committee for the national government's new Early Years Strategy if it is to achieve its vital objectives.

Australia needs to be informed by the better balance which Nordic countries have achieved between public, community, and private for-profit provision of early childhood education and care. As well as reducing the excessive presence of providers driven by making huge profits, Australia can learn from the measures Nordic countries have taken to cap fees paid by parents, to ensure affordability. Specific precedents from Sweden can inform moves to boost wages for the early childhood education and care workforce in Australia sooner rather than later. In turn, learning from Denmark's pedagogical approach, to increase practical placements of people who are studying to become early childhood educators and carers, will help Australia to resolve its current crisis in that workforce, which is hurting our children.