

Application by Independent Education Union of Australia & United Workers' Union (B2025/852)

IN THE FAIR WORK COMMISSION

Matter No: C2024/9205 - s.246 provision of assistance by the FWC to bargaining parties in relation to a proposed multi-employer agreement

Applicant: Independent Education Union of Australia

Respondent: Community Child Care Association (CELA)

WITNESS STATEMENT OF LAURA STEVENS

I, Laura Stevens, of 200 George Street, Sydney, state as follows.

1. I am an employee of Community Early Learning Australia (CELA), employed in the role of Director, Policy and Strategy. I have held this position since April 2023.
2. Prior to this role I have been employed in various roles, including 15 years as Senior Industrial Officer and Early Childhood Strategy Director at the United Workers Union. I have extensive experience in industrial relations, specialising in enterprise and multi-employer bargaining. I also have extensive experience across my roles in unions and the community sector, supporting both employers and employees in the early childhood sector in operational, policy and industrial relations matters.
3. I led the negotiations on behalf of CELA and It Takes a Village (formally Community Child Care Association) representing small and community managed providers in the for the multi-employer supported bargaining agreement in the long day care sector (Early Childhood Education and Care Multi-Employer Agreement 2024-2026). Prior to this I was part of establishing the Professional Community Standard, a co-operative multiemployer agreement covering between 60-120 community managed long day care services in 2008. I have had carriage of every renegotiation of that agreement since that time. I also represented employees in two bargaining rounds of the Victorian Early Childhood Teachers and Educators Agreement, a single interest multi-employer agreement funded by the Victorian State Government, in 2009 and 2016.
4. I provide this statement in response to the Statement issued by Deputy President Wright issued on 10 April 2025 and in support of the findings and recommendations sought by the Parties.

Community Early Learning Australia

5. CELA is a national peak body representing the interests of small and community managed early childhood services. Its members include providers, services, early education practitioners and academics. CELA supports over 1,800 members employing more than 27,000 educators and teachers nationally. Our members include community-managed not-for-profit, government, and privately owned small providers, delivering preschool, long day care, outside school hours care, and family day care services. CELA is a not-for-profit association funded by member contributions and income generated through the delivery of training programs and consulting services.
6. CELA is the bargaining representative for all 104 employers covered by the Supported Bargaining Authorisation [PR779518].
7. The employers represented by CELA in this matter are all not-for profit services. All employers except Byron Bay Preschool, and Big Fat Smile group are community managed services. “Community managed” services are services which are managed by a volunteer parent committee (board) and the employment relationship is held by them. The Director/ Coordinator of the service is an employee of the service and manages the operations of the service.
8. CELA has previously acted as the bargaining representative for employers in the Children’s Services sector as part of the ECEC Long Day Care Multi-Employer Agreement 2024-2026.
9. CELA has only recently commenced offering support to member services as an employer bargaining representative as a result of the changes to the Act to allow for multi-employer bargaining. Prior to this, it has been an unviable prospect for CELA to support services to engage in bargaining at an enterprise level. As such, there has been limited availability of professional industrial support for NSW community Preschools up until now.
10. CELA is instructed that it is the intention of the existing employers to make an agreement. Where an agreement is made, and it is of benefit to the wider NSW community sector, CELA will support additional employers to ‘join on’ by variation. The intention is to support equity of wages across the whole of the NSW preschool sector.

Findings and recommendations of the bargaining parties

11. CELA supports the jointly filed findings and recommendations for the consideration of the Deputy President on 14 October 2025, [CB page 1]. I address each matter below:

Finding [1] - NSW Preschools are reliant on NSW Government funding for the public provision of preschool services.

12. Utilising available data from the Australian Charities and Not for Profits Commission (ACNC) 2023 Annual Information Statement (AIS) data¹ and ACECQA NQS time Series Data², I was able to identify 394 ACNC records for confirmed NSW stand alone preschools. Services were excluded if they also provided long day care, or other non-preschool services, and if their records showed they received no government revenue. [LS -1]

13. This data showed that on average 82.93% of service income was from government revenue. This fact was not contested by the NSW government representatives during the course of negotiations.

14. This is consistent with the case studies provided by CELA which showed the following percentages of government funding provided:

- a. Byron Bay Preschool: 82.04% of revenue from government funding [CB pg. 350]
- b. Toormina Community Preschool: 92.36% of revenue from government funding [CB pg 357]
- c. Gosford Preschool: 89.61% of revenue from government funding [CB pg. 363]
- d. Bundeena Maianbar Preschool: 88.80% of revenue from government funding [CB pg.371]
- e. Name withheld: 88.98% of revenue from government funding. [CB pg. 377].

Finding [2] – Labour costs represent the vast majority of standard operating costs of NSW community preschools (around 80% of total costs).

15. My analysis of data from 394 preschools ACNC data show that reported employee expenses make up an average of 77.62% of total expenses. [LS 1]

¹ [ACNC 2023 Annual Information Statement \(AIS\) Data - Dataset - Data.gov.au](https://www.acnc.gov.au/annual-information-statements/2023-annual-information-statement)

² <https://www.acecqa.gov.au/resources/snapshot-and-reports/nqf-snapshots>

16. CELA's survey of respondent employers found 74% (34/ 46 respondents) reported that wages represented between 80-90% of total expenses. [LS 2].
17. This is consistent with the case studies provide by CELA which showed the following proportion of labour costs to total operating costs:
 - a. Byron Bay Preschool: 74.22% of operating costs are wages [CB pg. 351]
 - b. Toormina Community Preschool: 79.39% of operating costs are wages [CB pg 358]
 - c. Gosford Preschool: 86% of operating costs are wages [CB pg. 363]
 - d. Bundeena Maianbar Preschool: 84.01% of operating costs are wages [CB pg. 371]
 - e. Name withheld: 79.50% of operating costs are wages. [CB pg. 377]
18. Consistently across all evidence it is clear that wages and labour costs represent the largest component of operating costs for NSW preschools services. This is consistent with a human services sector.
19. NSW preschools are additionally constrained by the National Quality Standards on the level of staffing that must be maintained to operate a service. As outlined in CELA's response to action items [CB pg: 347-348] preschools are required to comply with the National Law and the 7 quality areas outlined in the National Quality Standards.
20. The national Law sets out minimum child to staff ratios which must be maintained at all times. Currently in NSW these are: 1:10 for children 36 months and up to preschool age.
21. Quality Area 2 – Children's Health and Safety and Quality Area 4- Staffing Arrangements set out requirements services must meet in regards to staffing, including the obligation to provide adequate supervision (Quality Area 2, Standard 2.2.1). Section 165 of the National Law provides that it is an offense to inadequately supervise children, and penalties are attached to this offense.
22. ACECA guide to the NQF indicates that adequate supervision means children are: *"being supervised in all areas of the service, by being in sight and/or hearing of an educator at all times, including during toileting, sleep, rest and transition routines, and throughout children's use of digital devices."* Additionally educators are required to "adjusting their levels of supervision depending on the area of the service and the

skills, age mix, dynamics and size of the group of children they are supervising.” [LS 3]

23. As such, factors such as the layout and design of buildings and play areas, as well as the number of children with additional needs, or behavioural concerns reasonably impacts the services staffing obligations, which impacts total labour costs.

Finding [3] – The current funding model, ‘start strong for community preschools’, does not provide adequate funding for dedicated preschools services to address the systemic concerns regarding professional recognition and the attraction and retention of teachers and educators in the sector which are not accounted for in the current (or any proposed) funding model for NSW Preschools.

Attraction and retention

24. NSW preschools are currently competing for staff across a sector that pays significantly higher rates of pay for identical work, including the state government funded schools and preschools sector, the independent schools sector and the long day care sector.
25. A comparison with government schools shows a proficient teacher working in a community preschool on Award is paid 24.63% less than an equivalently qualified teacher in a NSW government preschool, performing the exact same role. [LS – 4]
26. Long day care services are eligible for funding to pass on a 15% award increase (or the dollar value equivalent) to all eligible educators and teachers. As this is applied on top of existing rates, a 15% gap is the minimum, for large employers covered by existing enterprise agreements this gap is between 16-30%
27. The emerging wages gap is further increasing difficulties in attraction and retaining staff experienced by preschool services across the last 5 years. CELA survey of respondent employers found 91% [41/45] of providers have found it harder or significantly harder to recruit staff in the past five years. 22% of services reported the main reason for staff leaving the service was moving to a government or independent school or moving to a ECEC services with higher pay. 29% of services reported staff leaving the ECEC sector all together. [LS -2].

Impact of wages parity on service viability

28. Current levels of NSW start strong funding are inadequate to allow services to apply wage increases to meet the market wages gap in long day care and school settings. Without services being able to offer wages and conditions that allow them to compete with these sectors, NSW preschools will continue to face staff shortages and recruitment difficulties. As services are over 80% reliant on government funding for income and wages are by far the largest operational cost, additional unfunded wage increase pose a serious viability risk for services.
29. The CELA survey of respondent employers found that under current (2025) levels of funding only one service would have capacity to increase staff wages beyond minimum wage increases without impacting fees. [LS- 2]

30. Additionally, analysis of ACNC data showed that 24% of services made a deficit in the reporting year, indicating no level of capacity to additionally increase wages. Employee expenses were to increase by 15% to reach minimum long day care wages, 67% of services would be in deficit, to increase to 23% to match government schools and gender undervaluation, 90% of services would be in deficit. [LS- 1]
31. There has been a claim by NSW government representatives that NSW preschools have sufficient reserves to pass on additional wage increases to staff. Analysis of the ACNC data shows that this is not correct.
32. As NSW preschools are stand alone businesses, they are required to maintain a level of reserves to ensure solvency. Generally, 6-12 months of operating expenses is considered appropriate. 70% of services reported 1 year of less of reserves in the ACNC reporting period. [LS-1].
33. As stand-alone businesses, community preschools must also ensure that sufficient reserves for significant maintenance, emergency repairs and expansion of services is available. Evans Head Preschool has been reported in media as one service with 'excessive' reserves of over \$3 million. I have interviewed the director of this service who confirmed that the reserves reflect years of fundraising to purchase land and build a new building as the service is continually impacted by seasonal flooding. The cost of a move and new building is estimated to be around \$5 million. [LS- 5]
34. Furthermore, reserves are a one-off pool of resources and are not appropriate sources to fund on going wages liabilities into perpetuity.

Changes to Start Strong Funding 2026

35. The NSW government issued revised funding guidelines for community preschools for 2026 on 27 October. [LS-5].
36. These revised guidelines include a change to the fee relief component of the total funding received by community preschools. Now there is a two-tier level of funding receivable, depending on the location of a service (pg 29). Services operating in SEIFA decile 1 or 2 , and services operating in ARIA+ Inner Regional, Outer Regional, remote or very remote are eligible for the maximum rate of fee relief of \$4456 per child scaled for hours of attendance. All other services are eligible to receive \$3565 per child. In 2025 all services were eligible for a maximum payment of \$4374.
37. I have analysed ACECQA NQS time Series Data to identify the number of NSW community managed preschool service who match the above criteria [LS – 6]. This analysis shows that 212 NSW community preschools will receive a cut in fee relief funding from 2026. Adding both program funding and fee relief funding³, services in regions eligible for maximum fee relief will see a total funding increase of between 2.76% -3.14%. Services operating in areas not eligible for maximum fee relief will see total funding reduced by between 4.46%-6.46%. 35.6% of respondent employers

³ At the 600 hour rate and excluding all other equity loadings

will be impacted by these cuts to funding rates.

38. The Start Strong funding guidelines state:
 - a. *“The program funds providers of community and mobile preschools to reduce fees, support quality uplift, incentivise increased enrolment and attendance, and drive improved outcomes for children.” Pg2: and:*
 - b. *“Funding is designed to support quality uplift in preschool education and drive outcomes for children aged 3-5 in the developmentally significant years before school. Funding objectives are closely linked with ensuring equitable access (my emphasis) for eligible children.” pg2:*
39. While the guidelines indicate that the NSW Government’s objective in providing funding to services is to “ensure equitable access” the data on service income and funding levels show that there is not equitable capacity for services to pay wages that address the systemic concerns regarding professional recognition and the attraction and retention of teachers and educators in the sector. An employer’s capacity to offer above wages is a luck of the draw depending on the location of the service, capacity to charge fees to families without impacting attendance, fundraising capacity, and exposure to natural disasters. Given that quality of early childhood education is fundamentally tied to the experience, qualifications and consistency of staffing levels, current funding arrangements do not support services to deliver this consistently.

Finding [4] Rates of pay in comparable sectors including long day care and public (government run) preschools are substantially higher. Wages in these sectors are approximately between 15 – 25% higher than current award rates. This also includes the recent (and continuing) transformative pay up lift in the education and care sector (school settings, long day care and the gender equity review).

40. See paragraphs [25-26] above.
41. CELA addressed the impact of the gender undervaluation decision for the Children’s Services Award 2010 in our ‘Response to action items’ tabled 20 May 2025 [CB pg 335-336].
42. The impact of the Gender Undervaluation is that mandatory increases will be required for employees covered by the Children’s Services Award 2010, but there is no impact on the Educational Services (Teachers) Award 2020 as it is not under review.
43. The analysis of this impact provided in our response to action items shows, that the relativities between teacher’s rates and educator rates will be significantly reduced. Whereas previously a level 2 proficient teacher would expect to be paid at or close to the level of a director under the Children’s Services Award 2010, the same teacher would now be paid over 18% less than a director, and marginally above the rate of a diploma qualified educator.
44. The effect of this is likely to create significant pressure on employers to adjust teachers’ wages, even though there is not mandatory requirement, to maintain these relativities to retain existing staff. This will add significantly to the cost of wages in the sector, and consequently fees for families, if adequate funding is not provided.

Finding [5] Outside of government funding NSW community preschools can only generate revenue through fees to families. Without additional funding, the impact of addressing wages gaps in the long day care and government preschool sector and implementing the gender undervaluation decision will result in increased out of pocket costs for families.

45. As addressed in paras [12-14] above, around 80% of service revenue is from NSW government funding. The only other significant source of funding available to services is the charging of fees to families.
46. However, services are contained in their ability to freely set fees both under the Start Strong Grant guidelines, as well as through family's capacity to pay.
47. To be eligible to receive start strong funding services must demonstrate their *"capability to provide affordable early education for families."* [LS -5] Pg.6 Section six of the guidelines also explicitly state that *"Fees must be maintained at fee levels of the previous years where fees were charged to families, adjusted for CPI across this time period. In circumstances where it is necessary to adjust fees above CPI, such as due to reasonable increases in operating costs or decrease in fee relief rates, providers must retain evidence to support the fee increase."* Pg. 11
48. CELAs survey of respondent employers found that 69% of services would see fewer children attend a preschool program if fees were increased. [LS – 2]

The current funding model does not provide any certainty as to any future rates of funding a service may receive which is a significant barrier for services to budget for future wage increases.

49. In the negotiation meeting of 25 June 2025, government representatives from the Department of Education and Treasury confirmed the following details about the design and indexation of Start Strong Funding:
 - a. The original funding was not designed as a needs based model, there was an allocation of a pool of money and it was distributed to services to support 600 hours of attendance.
 - b. The original program payment and fee relief was designed by looking at existing fee structures and then the indexing model described by treasury.
 - c. Indexation of large grant programs (Including Start Strong) are determined each year.
 - d. As a base line this is indexed at the Sydney CPI
 - e. In recent years there have been decisions of government to index at the rate provided by the Minimum wage decision.
 - f. What is locked in is the Sydney CPI rate. Annual decisions to change that are made by government and not guaranteed.

50. Enterprise agreements are made prospectively, to operate to a maximum of four years from the approval date by the Fair Work Commission. To make an agreement prospectively, and ensure the maintained viability of the operation, the employer must have some certainty or control over the likely future income needed to meet the obligations under the agreement.
51. As stated above, NSW preschools do not have that certainty or control over around 80% of their future income. Grant funding is provided on an annual basis, and is subject to a range of factors that is not in the control of the employer, including the number of children enrolled, the proportion of children eligible for maximum equity or inclusion funding, the number of children enrolled with additional needs, and decisions of government to change funding allocations.
52. To date the NSW government has provided no guidance on how, or if, future indexation of the Start String Funding will consider the outcome of the gender undervaluation review, which provides for mandatory award increases in addition to annual wage reviews.
53. The information provided by government representatives also means services have no control over the increase to base funding rates each year, as each year is determined by a decision of government. This means services cannot even predict base line increases to funding from year to year.
54. Additionally, as stated in paragraph [47] above, grant guidelines also further limit services capacity to set fees to address increases in operational costs.

Finding [7] The current funding model has led to the following serious concerns in regard to prevailing pay and conditions in NSW Preschools:

a. low rates of pay prevail across the sector,

55. The funding arrangements as described above mean that NSW preschools have no or limited capacity to know from year to year what their income will be. This significantly curtails employers' capacity to make workplace agreements with employees which commit to raising wages over future years. This has created a significant barrier to employees in a female dominated profession from bargaining for above award wages, which can be seen in the low take up of agreements in the sector. CB – Statement of Carol Mattews [14- 15].
56. Actual pay rates in the sector vary, but significant proportions of employees are paid at the award. This is particularly the case for early childhood educators. Actual pay rates in the sector are addressed In CELA's response to action items [CB pg 337-338]

b. the differential between rates of remuneration and conditions provided in school settings (public and independent), is substantial and a cause of systemic problems in attracting and retaining teachers and educators in the sector,

57. See paragraphs [24-27] above

58. The impact of low wages on attraction and retention of early childhood employees is well documented. There is a significant shortage of Early childhood educators and teachers in the ECEC sector as outlined in CELAs response to action items [CB pg 339-340].

59. Additionally, the success of the Federal Government's ECEC worker retention payment has seen a significant drop in advertised vacancies since the release of the grant. Jobs and Skills Australia reported 4146 vacancies for 'Child Carers' in October 2024 when the grant opened, which has since fallen to 3439 at September 2025⁴.

c. rates of remuneration and conditions provided in the NSW Preschool sector are unreasonable having regard to prevailing pay and conditions in the education/early childhood education and care sector,

60. See paragraphs [25-26] above.

d. they are a cause of inequity including systemic gender undervaluation of the work being performed, and

61. The current funding model does not provide sufficient funds to ensure services can provide equitable and comparable wages. The evidence of the NSW government representative confirms that actual labour costs were not specifically considered in the design of Start Strong program funding.

62. The inability of employers to predict, control or respond to changes in income as a result of reliance on government funding has created a significant barrier to enterprise level bargaining for a female dominated workforce. This barrier to bargaining is reflected in the pay differential between employees in government operated preschools and schools who have access to bargaining through state awards, and those in the community preschool sector.

63. Early childhood educators employed in community preschools are more likely to be paid at or close to current award rates, which has been determined by the Fair Work Commission as being undervalued due to gender considerations. A refusal to take this into account in the indexation and future funding of NSW preschools would have the effect of passing on the cost of this increase to families. Increases to the cost of early education and care also disproportionately impact the workforce participation of working mothers, further amplifying gender inequity.

e. rates of remuneration and conditions in the NSW Preschool sector threaten the ability of NSW Preschools to continue to provide high quality

⁴ [Jobs and Skills Atlas - Regional Occupation Insights | Jobs and Skills Australia](#)

education and care and threatens their ongoing viability.

64. CELA addresses the link between wages and high quality in our response to action items [CB pg 339].
65. In several meetings NSW government representatives indicated that Start Strong funding was designed to be flexible and that staffing levels might be an area services may want to look at to fund wage increases. As stated in paragraphs [19-23] NSW preschools are constrained by requirements under the National Law and regulation to provide adequate staffing to ensure the health and safety of children.
66. Recent reports and inquiries into child safety in early education and care settings has highlighted the importance of consistent, experienced staff in improving child safety. Higher wages in identical jobs in differently funded parts of the education and care sector are already having an impact on retention in NSW community preschools. Added to this, the impact of an aging workforce, and the sector is at the brink of losing some of its most experienced staff. This is going to have a significant impact on the ability of services to continue to provide high quality programs for children.

Finding [7] - There is substantial agreement between the employers and employees represented on the terms of an agreement which will have the effect of addressing the matters listed above.

67. The employers represented by CELA are united in their intention to address low wages and improve equity across the NSW community preschool workforce. CELA has in principle agreed to the draft agreement jointly submitted, subject to government funding.
68. The terms and conditions that are included in the agreement will provide a sustainable pathway towards wage equity and support the sustainability of services.

Finding [8] - Due to the matters above, bargaining parties are not able to conclude a supported bargaining agreement without a commitment from the NSW Government to provide additional funding to address the systemic concerns in regard to prevailing pay and conditions in the NSW Preschool sector.

69. The employers represented by CELA are committed to the principle of providing high quality preschool programs to all children regardless of where they live or how much their parents earn. Increases to family fees will have a detrimental impact on access of preschool programs and will have the greatest impact on the most vulnerable children in our community.
70. Addressing low wages in the ECEC sector is necessary to reverse workforce shortages as well as ensure the safety of our children. However, the current funding arrangements are placing NSW community preschools in an impossible position, as professional wages can only be funded by increasing fees to families, or reducing quality. Both outcomes which are contrary to the NSW government's publicly stated policy objectives.

71. The nature of uncertainty of funding indexation and funding for the gender undervaluation decision means services cannot make commitments to wage increases while ensuring continued viability. This is a significant barrier to any service participating in bargaining to improve wages or conditions.
72. Lastly, while there is variability in employers' capacity to pay the wages outcomes included in the draft agreement, a Supported Bargaining Multi-Employer Agreement cannot be made without the consent of all bargaining parties. The majority of the respondent employers demonstrably do not have the capacity to pay the outlined wage increases without additional funding from the NSW Government.

Recommendation sought:

1. That an agreement should be made in the terms outlined in the attached draft agreement.

2. That an agreement should be made with the proposed wage increases as provided, for the following reasons:

- a. The wages included in the draft agreement are reasonable to address the gap between the award and the prevailing rates in comparable sectors and provides for the application of the gender undervaluation proceedings (AM2024/23).
- b. The wages included in the draft agreement maintain the current relativity between staff covered by the *Children's Services Award* affected by gender undervaluation and the staff covered by the *Educational Services (Teachers) Award*.
- c. The proposed wage increases will assist in addressing attraction and retention issues in the NSW community preschools sector.

3. That as primary funder of NSW Community Preschools through start strong funding, additional funding is necessary for the agreement to be made.

73. CELA supports a recommendation being made in the terms provided.
74. As the funder of over 80% of all operating costs, it is clear that the NSW government is the primary funder of the NSW community preschool sector. In its role of funder through the passage of national law, the setting of program guidelines and the setting of indexation, it significantly controls the operations of community preschools. Under these conditions it is not possible for employers and employees in NSW community preschools to make agreements without the participation of the NSW government.
75. The impact of continued impasse between the bargaining parties and the primary funder is that, ultimately it is families and children who will be most affected, either through higher fees or reduced quality.



Laura Stevens
11 November 2025