

SIPTU Submission to the Oireachtas Committee on Children, Equality, Disability, Integration and Youth

7th November 2023

Chairperson and members of the Committee,

My name is Darragh O'Connor, SIPTU Head of Strategic Organising and Campaigns and I am joined by Avril Green, an Early Years Educator and Chair of the SIPTU National Early Years Committee.

As you may know, SIPTU is the union for Educators, Lead Educators and Managers working in Early Childhood Education and Care and School Age Childcare. Our union represents approximately 6,000 members in community and private settings throughout Ireland.

SIPTU has a clear vision for Early Years, that is shared with many other groups. It should be high quality, affordable and accessible where staff are recognised and properly rewarded, and services are financially sustainable.

After years of campaigning by SIPTU, and many others, we have seen some progress towards realising this vision.

In September 2022, a new 'Core Funding' scheme was introduced to the value of €259 million in year one¹. This supply-side investment is paid directly to providers and is designed to improve quality, affordability, inclusion, and sustainability.

A key element of Core Funding is to financially support pay agreements, the first of which was implemented in September 2022. For the first time, Early Years Educators and Managers have a mechanism to improve minimum pay and conditions across their profession.

However, there are three major issues facing the Early Years sector that must be addressed.

1. Low Pay and the Staffing Crisis
2. Level of State Investment
3. Targeted Funding & Transparency

Low Pay and the Staffing Crisis

Services are struggling to recruit and retain staff due to low pay. Not only is this undermining quality for children, but it is also impacting on the sustainability of services, accessibility for parents, and has led to increased stress and workload for Educators and Managers.

¹ The value of Core Funding in year one (2022 – 2023) was €259 million, €215.6 million of which was new funding.

There is clear evidence showing that low pay is by far the biggest cause of this staffing crisis. The SIPTU Early Years Staffing Survey (2022) showed that 88% of managers and owner managers reported that low pay was the 'biggest' or a 'significant' obstacle to recruiting staff. Amongst non-managerial staff, 49% are actively looking for another job, with low pay by far the biggest push factor.

This has led to unacceptable levels of staff turnover, reaching an average of 38% per year in private full day services.

While the first Early Years pay agreement saw significant pay increases for many employees, the current proposed minimum rate of pay for a qualified Early Years Educator is €13.65 per hour, €1.15 below the Living Wage of €14.80.

Simply put, educators cannot afford to stay in their profession. Without continued improvements in pay, that recognise qualifications and experience, the staffing crisis will intensify.

State Investment

Firstly, the significant increase in state investment must be acknowledged. There is a growing recognition of the personal, social, and economic benefits of high quality, affordable and accessible Early Years.

However, Ireland is starting from a very low base and still has a lot of catching up to do.

An OECD comparison of Early Childhood Education Expenditure per Child (3-5 years) shows that Ireland spent \$4,790² per child in 2022, compared to an average of \$11,827 for our EU peer group (other high-income countries).

Ireland would need to increase expenditure by two-and-a-half times to reach our peer group average.

This historic investment gap has been bridged by high fees and low pay. This is why SIPTU is calling for continued, year on year, increases in state investment, with funding for pay ringfenced.

Targeted Funding & Transparency

There is a wide range of service types within the Early Years Sector. From small sessional services to large international chains.

There is also a wide range in terms of profitability and rates of pay.

² The OECD uses per capita expenditure in US\$ purchasing power parities (PPP). This considers living costs and currency differences. Per capital measurements are superior to expenditure as a percentage of national income (e.g. GDP or GNI*). This is because the latter measurements can be distorted by demographic demand. For instance, Ireland has a much higher proportion of 3–5-year-olds – over 21 percent more children than the EU average. Data that focuses on per child expenditure avoids those potential demographic distortions.

A recent SIPTU survey of the accounts of selected leading Early Years companies showed increasing profits, dividends and directors' remuneration³. However, there is little doubt that some services are struggling.

Similarly, when it comes to rates of pay, some services pay Early Years Educators the legal minimum of €13 per hour, while many others are offering €14 to €15 per hour.

This variation can be accounted for by two key factors; (1) a parental fee freeze based on September 2021 levels which has resulted in a wide variation of income for services, and (2) varying cost bases.

To level the playing field for providers, and staff in terms of pay and conditions, funding allocated in Budget 2024 must be targeted towards services that need it the most. This equalisation of income will necessitate financial transparency so that public funds can be allocated in the most efficient and equitable manner.

³ Financial Performance of 7 Childcare Providers (SIPTU, 2023)