



**Early Childhood
Australia**

Tasmania Branch

**Response to the Premiers Economic and Social
Recovery Advisory Council**

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Background

Early Childhood Australia (Tasmania Branch) is the peak body for children aged birth to eight years in Tasmania. The organisation advocates for the rights of the child and aims to ensure that children are at the centre of any Government decision-making.

The membership is broad and includes education and care services, independent and public schools, child and family centres, educators, teachers, allied professionals, and individuals.

For this response, the focus is the education and care sector (childcare) as opposed to the early years of school sector.

The education and care sector in Tasmania have 261 services in total made up of the following:

SERVICE TYPE	SOUTH	NORTH	NORTH WEST
Centre Based Long Day Care	67	37	22
Home Based Family Day Care	4 schemes	3 schemes	2 schemes
Outside School Hours Care	65	34	27

Note: Schemes could have varying numbers of registered homebased educators.

The sector provides education and care for 22,500 children, supporting almost 30,000 families and employees over 3000 Tasmanians. The sectors workforce is **95% female**. Women continue to be the vast majority of those at the higher end of exposure, and the lower end of the pay scale. We are seeing anxiety increasing but being pushed back and not dealt with as, educators continue their work of caring and educating others and maintain their livelihood.

Services operate year-round and whilst opening hours vary slightly, they are mostly open from as early as 6.30am until 7.00pm weekdays. Other than some home based family day care and in-home care services there are no services that operate at weekends or extended hours. This is a gap in service for families who work shift work or at weekends – particularly the hospital, fire, ambulance, and police areas. The reason for this gap is due to the high staff costs associated with out of normal hours work. These costs would have to be passed onto families with increased fees making it unaffordable for many.

Current Status

The COVID -19 pandemic has created the largest economic downturn Australia has seen in many decades. The economic recovery is predicted to take longer than the search for the pandemic vaccine.

The education and care sector are crucial to the economic recovery. Unemployed and under-employed parents need the capacity to seek work and/or to retrain, and this will only be possible if they have continued affordable access to education and care.

Similarly, employed parents need a reliable accessible education and care sector. The sector is an enabler to support workforce participation and therefore key to supporting an improved economy in addition to be a contributor re: its own workforce. For families to be able to work or study they need to have a reliable sector to enable them to balance work and family responsibilities.

Despite community perception, the sector receives no government funding – it is reliant on income from fees paid by families for the services provided. Families receive government funding support (means tested) to reduce the cost of the service. Therefore,

the sector operates on a business model and reliant on demand to support sustainability and viability.

More importantly, the sector is a key contributor to the learning and development of young children. Evidence based research indicates the years prior to school are the most critical in a child's development – a period of significant brain development. Positive early learning experiences set the trajectory for later life.

ECA provides the following response to the questions raised in correspondence dated 26 May 2020. The organisation is appreciative of the opportunity to contribute and look forward to contributing further to the recovery process in any way considered appropriate.

What impacts are currently being seen by your sector or members (including clients/households/individuals as relevant in your context) and what impacts are anticipated in the coming weeks and months?

The full impact of the pandemic is yet to be fully realised and will have lasting implications for the sector and the service it provides as a contributor and an enabler for the Tasmania economy to recover and grow.

99% of our sector remained open (but this does not equate to how they are tracking). The sector remaining open enabled other essential workers to be able to work. The Australian Government relief package was put in place to support services to survive 'just' where many were at a point of collapse.

Although the relief package offered immediate support for some, the education and care sector has been and continues to be significantly impacted by the COVID pandemic. Attendances at services plummeted dramatically at the beginning of March and continues due to several factors including:

- Families loss of jobs or reduction in hours of work
- Business closures
- School closures
- Stay at home directives
- Changed work environment – working from home or remotely

There is continuous anxiousness about health and safety and job security for families and the sectors own work force. For service providers financial viability and sustainability is at the forefront of their minds.

Continued underutilisation will result in services either closing or downsizing which will impact of availability by families and impact negatively on revitalisation of the economy.

With COVID-19 testing increasing (which is good for the State), parts of the sector are now facing inability to service the broader workforce as staffing is directly impacted – shortages due to isolation waiting for results. Absenteeism is usually covered by casual staff (many of which no longer connected to services) so this is a pool of which will need to be rebuilt.

ECA Tasmania Branch oversees the Early Years and School Age Care (EYSAC) workforce plan which has several projects directly impacted due to the pandemic. Although extensions can be made through Skills Tasmania, the key position in the

project ends in 4 weeks' time and therefore leaves the sector without strong leadership and capacity to re-build, re-skill and up-skill our sectors workforce at the time it is needed most.

What factors are likely to shape the medium and longer-term impacts for your sector/members?

Education and care services have remained operational due to two key Federal Government initiatives – Early Childhood Relief Package and Job Keeper wage subsidy. The Jobseeker wage subsidy was not made available to Councils operating education and care services; therefore, placing additional pressure of these services to continue to operate.

The Early Childhood Relief Package provided services with 50% of their income based on the average income in the last two weeks in February – prior to the impact of the pandemic. Eligible services were in receipt of Job Keeper for those employees that met the criteria for this wage subsidy.

The relief package included the provision of free childcare to families. These two initiatives expire on 30 June and 30 September respectively and it is expected that the Federal Government will revert to the former funding model - Child Care Subsidy. This will mean that families will return to paying fees which is both means tested (based on combined income of families) and based on an activity test (must be working, studying, volunteering). It is anticipated that when the free service ceases, families who have lost jobs or had hours reduced will reevaluate their care arrangements as it is not affordable for families unless they are working and receiving a regular income.

Whilst the Australian Government support is greatly appreciated and acknowledged as without its services would have closed – it is important to note that they allowed services to remain open but not necessarily sustainable or viable in the longer term.

The Tasmanian Government have waived lease/rental costs from 1 March 2020 for six months for services operated from government properties. Similarly, the annual fees for approved education and care services also waived. Again, this support is appreciated, but it is important to note that not all services operate on school sites with some paying a more commercial rent.

The new workplace rules around casuals in the workforce (and the requirement to re-build the casual pool due to the stand downs) will be challenging for the sector due to the reliance on casuals to provide flexibility and ability to respond to fluctuating enrolments and attendance patterns to support the as well as manage budgets.

The community based sector do not have the resources or reserves to 'ride out' a long term impact of the pandemic nor have the resources to upgrade their facilities to a level now required by regulatory requirements or indeed to compete with the increased for profit sector. Capital funding to upgrade services and/or contribute to the building of services in identified growth areas would benefit the construction industry and support the community sector.

What data or information can currently be provided to the Council on the nature and magnitude of impacts for your sector/members?

Members of ECA have reported utilisation levels ranging from as low as 30% of pre pandemic impact. In February services were operating at capacity or near capacity. March and April services were almost empty as families withdrew for the reasons outlined above.

Small regional services are at greater risk due to their small scale and reliance on seasonal activities such as tourism and hospitality. Private operators do not operate in these areas due to the limited profit margins resulting in the community owned services responsible for the risk of financial viability and sustainability. It is important to strongly consider support the community-based sector operating in rural communities if Tasmanian regional towns are to grow and develop and support the economy.

What mitigation measures are currently in place that aim to address these impacts?

Many employees within the education and care sector have been supportive and flexible – taking leave to reduce the wage burden on employers or reducing hours to reflect actual utilisation. This will not continue as employees exhaust their leave accruals.

Services have undertaken cost cutting measures – only purchasing essential goods and services, monitoring staffing to actual utilisation, working strictly to the child/adult ratios (some services previously work to better ratios), many leaders working extraordinary unpaid hours. The relief package condition stipulated that the services provided prior to the pandemic and included in the fees must continue with no extra charges applied for these services during the funding period e.g. nappies, food etc

What impacts are not being mitigated or for which there is no plan in place to mitigate?

The sector is not able to continue to support the engagement of their staff if utilisation does not increase – there will be job losses (and ultimately a shortage of education and care which has a direct impact on re-building the economy). The uncertainty of the future funding model once the Relief Package expires on 30 June resulting in services assuming the return to the Child Care Subsidy model.

Generally, the education and care sector are an unsophisticated sector. Unlike schools it is a business model with both community based not for profit providers and for profit private providers.

Services have focused on survival as opposed to thinking more strategically or broadly about the future. Small and single service operators operate on small margins and would not have the resources to support future planning or develop mitigation strategies.

There is a great deal of thinking about the here and now as opposed to the longer-term impact of the pandemic and how to manage and respond.

There is a level of emotional turmoil as providers work to sustain their businesses and secure their workforce. This is resulting in creating a stressful environment.

Whilst direct delivery of education and care has been impacted, the commitment to ongoing professional learning and development has ceased. This is a result of services being cautious about expenditure and only committing to essential procurement and purchases.

It is envisaged that the only commitment to professional learning will be for the mandatory requirements such as first aid, child protection etc.

Investment in professional development and learning to ensure the workforce remains current with research and practice is an investment our children's future.

What responses, both within the sector and more broadly, are front-of-mind and over what timeframes - what should be stopped, what should continue and what should be started?

Business continuity is a key issue along with workforce issues. Operators are concerned about the impact of the withdrawal of Australian Government support initiatives. The sector needs ongoing support to manage and respond to the pandemic.

The sector is reliant on families accessing and paying for the cost of education and care and re engagement in the workforce or training/study is the key. But the current situation does not give confidence to this reliance ongoing.

Whilst the State Government view education and care as an Australian Government issue, it becomes a state issue if there are insufficient services to support the recovery of the state's economy.

Most of the support has come from the Australian Government but aside from rental relief and waiving fees, no major investment by the State Government. Some strategies have been suggested through the SCIPS forum conducted in May but of course there are varying views about what is required. Politicians and government representatives ask what can we do to help but there is little action in response.

It is anticipated that the recovery will not immediate but a slow and measured as businesses reopen and/or re-invent themselves. Can the education and care sector sustain the slow recovery stage? No, the sector cannot continue to be operational unless utilisation is immediately at pre pandemic levels and families recommence to pay for the service. Given wages/on costs make up much of the budget staffing to actual utilisation is the solution to financial viability.

Much of the recovery will depend on the continued positive outcomes of the restrictions in place. Should a second wave of the pandemic become evident, this will have a devastating impact on the Tasmanian community, including the education and care sector, as the stop/start approach results in loss of confidence.

What would help create or build business, consumer, and community confidence?

The education and care sector are highly regulated with national law and regulation that mandate requirements of qualifications, ratios, space, and facilities. Thus, there is little leeway to change the service model to reduce the costs.

Furthermore, the quality system for which ECA has advocated for decades cannot be eroded for the sake of financial sustainability. But the way it is implemented could alter to create increased confidence from the sector. This is going to take strong leadership to change a culture with the Regulatory Authority (Department of Education and ECA is keen to collaborate with the Authority to change culture.

For the State Government not to only mention schools in their media. The education and care sector have been at the forefront of the pandemic – providing services to those essential workers, placing their own health and safety at risk, and suffering financial stress without any recognition. A more inclusive approach would be appreciated and demonstrate a more holistic approach to educating and caring for children.

What would help your sector/members re-employ where there have been reductions in jobs, or grow employment levels?

Unless education and care services are utilised by families to pre pandemic levels there will be little demand for increasing the workforce. Employment growth will depend totally on the consistent demand for services.

Prior to the pandemic there was a skill shortage, but this has altered dramatically. So, a return to prior employment levels is totally dependent upon families returning to access services.

Improvement in the training agenda – improve quality and make more relevant to the needs of the sector. Unfortunately, the integrity of some providers is questionable. Their less rigorous and robust approach to delivery and assessment results in employers having to retrain on the job at their own cost. This additional financial impost will not be available to be undertaken in the current circumstances.

Funding to support professional learning and development to existing educators delivered by professionals working in the sector would support the continued engagement of our workforce and have benefits for children.

ECA is in receipt of funding from Skills Tasmania for the Early Years and School Aged Care Project. This funding needs to be confirmed for a significant period to support the sustained approach to workforce development, as opposed to the current stop/start model of funding.