



4 May 2020

### About Early Learning Association Australia

Early Learning Association Australia (ELAA) is a peak body which works in partnership with early learning providers and parents to deliver our vision of excellence in learning for every child. Our diverse membership base of over 625 service providers managing services at over 1,300 locations includes early years management organisations, independent kindergartens, local governments, long day care services, government and independent schools and out of school hours care programs.

### Introduction

ELAA welcomes the opportunity to provide this submission on the one-month review of the Early Childhood Education and Care (ECEC) relief package on behalf of our members.

We appreciate the challenges that the coronavirus (COVID-19) has created across the broader social service and funding system, the speed of the response of the Federal Government and the work required by the Department of Education, Skills and Employment to implement the necessary changes to support the sector. The design and implementation of a package has enabled many organisations to continue to provide services in at least the short-term to essential workers and vulnerable children and families as well as existing enrolled families. For many, however, until the outcomes of JobKeeper applications and Exceptional Circumstances applications are known, significant uncertainties remain.

### Feedback on the relief package

Attendance of children at Victorian early childhood and care services across the sector is varied. Many services are reporting a significant decrease in attendance. Attendance at services was also initially impacted by confusion across the sector as to who the priority of access applied to and social distancing measures implemented by services. These trends have had a direct impact on the employment of staff, the ongoing viability of services and uncertainty on the transition requirements post COVID-19.

The introduction of no fees for parents has provided extensive relief for families, particularly vulnerable children living in fragile settings and children of essential workers. It also places the needs of children and their access to care and education, regardless of the circumstances of their families, front and centre.

The design of the ECEC relief package was targeted to services which delivered only long day care services. Those not-for-profit organisations which have multi-service programs were not initially able to demonstrate the necessary loss in income and at the same time are not in a position to carry a loss of funding (see Case study 1 on page 2).



### Case study 1

A rural not-for-profit organisation provides a range of services in addition to operating a stand-alone child care centre and a child care service within a community centre. The organisation is in receipt of 50% of fees through ECEC relief funding for the two child care services but is not eligible for JobKeeper payments. The organisation already receives sustainability assistance through the Community Child Care Fund (CCCF) of \$20,000 per annum, as they operate in isolated rural areas. The organisation believes they are not eligible for Special Circumstance Funding due to not having a significant decline or increase in enrolments and already receiving CCCF. The services combined are currently generating a \$1,500 per week loss due to reduced fee income, which if not addressed is going to result in staff hours being reduced and may have an impact on the number of child care places that can be offered as the local economy recovers and people are again able to find employment.

The recent clarification that government funding, including ECEC relief payments will not be considered in GST turnover in the application for JobKeeper payment has been welcomed and will address the needs of many services, however others, particularly not-for-profits which have as their mandate serving their communities, remain disadvantaged.

Local governments are particularly hard hit during this crisis. They are ineligible for JobKeeper and cannot afford to carry the large losses which come with a reduction in funding. Case study 2 provides an example of this situation playing out.

### Case Study 2: Golden Plains Shire Council - Bannockburn Children's Service Long Day Child Care

The Coronavirus Pandemic (COVID-19) has had a significant impact on the utilisation of the Bannockburn Children's Service with absenteeism increasing from initially an average of five percent to over fifty percent. As Council is not eligible for the JobKeeper payment the service is effectively losing half of its income or approximately \$15,000 per week. This will equate to \$180,000 between April and June 28 when the Early Childhood Education and Care Relief Package currently expires.

The council has assessed that there is a need to reduce the workforce by approximately the equivalent of five effective full-time staff in the short-term. At this stage all staff have opted to reduce their hours by twenty percent which will come into effect from 4 May. A further challenge has been an increasing demand from essential workers for child care. To help bridge the gap, and see the staff return to work at full capacity, Council has made application on 20 April to the Federal Government, Exceptional Circumstances Supplementary Benefit program. Council at this stage is not aware of when a decision will be made on the application and there is concern that this valued service to the local community will not be available when social distancing restrictions are lifted and workforce participation increases.

The narrow eligibility requirements for Exceptional Circumstances funding combined with regular changes around the application for JobKeeper have made it difficult for services to identify their best course of action. Services now face the challenge of reviewing their circumstances in light of the recently announced expansion of the Exceptional Circumstance Supplementary Payment eligibility criteria.



ELAA welcomes the announcement about the continuation of the Commonwealth contribution to the National Partnership Agreement to continue preschool funding in 2021 and the additional certainty that provides. It is an acknowledgment of the value of preschools to the development of children's lifelong learning journey. We look forward to the time when the funding for preschools has ongoing certainty.

### Transitioning to a flexible model of support

In preparing for the future beyond 1 July 2020 when the current ECEC Relief funding is expected to expire, ELAA members have raised a number of issues, including the need for a revised funding model and support for families and children who are disadvantaged.

The Child Care Subsidy (CCS) system needs greater flexibility into the future. The limitations of the system at a local/regional level were highlighted by the disastrous bushfires and floods in recent times and the pandemic has illustrated the inflexibility during a national emergency, which required the entire system to be shut down. A revised funding model which reflects local need could be developed based on Socio-Economic Indexes for Areas (SEIFA) data and/or Australian Bureau of Statistics average weekly earnings data to inform the funding. Such data would better reflect disadvantage experienced by rural and regional areas and metropolitan areas alike.

Given the projected high levels of unemployment likely to be sustained throughout 2020 and potentially beyond that, a full return to CCS would disadvantage many families in need of support. The activity test in particular is a barrier to the participation of vulnerable children. The system needs to be re-oriented to place the rights of the child to access early childhood education and care at its core. To that end, it's ELAA's view that the activity test be permanently removed and the continuation of the provision of fee-free early childhood education and care.

The current application process for the Additional Child Care Subsidy (ACCS) is too onerous and is burdensome. Trying to secure letters of support was already difficult prior to the pandemic and services are anticipating a significant growth in the number of vulnerable children attending services, which will magnify the bureaucratic challenges. ELAA members recommend streamlining the process and extending the period of access to the ACCS.

If you have any questions relating to this submission, please contact Lisa Minchin, ELAA Advocacy and Grants Lead, by phone (03 9411 4124) or email ([lminchin@elaa.org.au](mailto:lminchin@elaa.org.au)).

Lisa's days of work are Monday, Tuesday and Thursday.

Sincerely,

A handwritten signature in blue ink, appearing to read "David Worland".

**David Worland**  
Chief Executive Officer  
Early Learning Association Australia