



28 May 2020

Committee Secretary
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

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 600 service providers managing services at over 1,200 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 to the Senate Select Committee into the Australian government's response to the coronavirus (COVID-19) pandemic.

We appreciate the challenges that the coronavirus (COVID-19) has created across the broader social service and funding system and the speed of the response of the federal government in a highly changeable and unpredictable environment. The Commonwealth departments have also worked hard to engage with stakeholders and be responsive to feedback and enquiries. We would like to make mention of the Department of Education Skills and Employment's consultation with and responsiveness to the advice of the Early Childhood Education and Care Reference Group. Our submission:

- addresses the funding support provided to the early childhood education and care sector through the Early Childhood Education and Care (ECEC) relief package and
- makes recommendations about a transition to a revamped child care system which is more flexible and adaptable and recognises the changed circumstances of many families and the importance of ECEC to children's futures.

Feedback on the ECEC relief package

The design and implementation of the ECEC relief 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 some services, however, the outcomes of JobKeeper applications and Exceptional Circumstances applications are still unknown and significant uncertainties remain.



Attendance of children at Victorian early childhood and care services across the sector is varied. Many services were reporting a significant decrease in attendance initially. Early attendance at services was also impacted by confusion across the sector as to who the priority of access applied to and what social distancing measures needed to be implemented by services. These trends 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 has also placed the needs of children and their access to care and education, regardless of the circumstances of their families, front and centre. Over time, and since the introduction of fee-free childcare, attendance at services has steadily increased.

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 able to carry a loss of funding (see Case study 1 below).

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 subsequent clarification that government funding, including ECEC relief payments will not be considered in GST turnover in the application for JobKeeper payment was welcomed and addressed 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 its seems Exceptional Circumstance funding and cannot afford to carry the large losses which come with a reduction in funding. Case study 2 on the following 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 however were advised on 9 May that they have been assessed as ineligible. The current situation of receiving only fifty percent of their income is not sustainable 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 JobKeeper and tying the eligibility for Exceptional Circumstances funding to JobKeeper, combined with regular changes to eligibility requirements have made it difficult for services to identify their best course of action. Services faced the challenge of constantly reviewing their circumstances to re-assess their likelihood of success with limited access to advice. One service provider who lodged a request for advice on 28 April is still waiting for a response.

ELAA welcomed 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

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

1. Remove the activity test or ensure all families can receive 100 hours per fortnight of CCS

The activity test is a barrier to the participation of vulnerable children, as evidenced by the increase in numbers of vulnerable children and Indigenous children who have accessed ECEC since the introduction of the Relief Package. The working patterns of many families are likely to have changed and continue to change over the next year or years as a result of unemployment, underemployment, increased casualisation and workforce instability. The system needs to be re-oriented to place the



rights of the child to access early childhood education and care at its core. Permanently removing the activity test and allowing children to access to 100 hours of CCS per fortnight would provide children with stability of access and simplify CCS.

An alternative to the option of 100 hours per fortnight would be to remove the activity test and provide a basic entitlement to 20 hours of free ECEC for children with 30 hours for Indigenous children.

2. Additional Child Care Subsidy: service level approvals and increased income thresholds

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 and delays in assessment and approval by Services Australia. ELAA members recommend streamlining the process by allowing service-level approvals for child wellbeing and temporary financial hardship and extending the period of access to the ACCS to a minimum of 13 weeks.

Another measure would be to increase the income threshold for ACCS Transition to Work to align with either \$150,000 family income or Family Tax Benefit A family income of \$100,000 for 12 months. This would expand the eligibility criteria to provide support for more people returning to work or re-skilling/training for new employment. This would address the misalignment of the JobSeeker income threshold which was increased to \$79,000 whilst the ACCS Transition to Work income limit remains at \$68,000 meaning that thousands of people transitioning from welfare will be ineligible for support.

3. Block funding of ECEC for vulnerable groups

Block funding of services for vulnerable groups such as Indigenous children would enable Aboriginal and Torres Strait Islander communities would provide the certainty needed to continue to operate ECEC services throughout the pandemic.

4. Maintain 60 days of absences and allow service to waive parent fees

The number of allowable absences has been increased from 45 to 60 days in recognition of the impact of COVID-19 and to encourage families to keep children at home if they are a family member is unwell. This is a practical measure which needs to remain in place given the likelihood of increased service closures and ongoing infection risks.

Services should also be permitted to waive parent fees when children are absent so children can be kept at home at no cost to families in the event of illness, COVID-19 outbreak, and service closures.



5. If CCS payments remain, increase payments

Improving the affordability of childcare for all families and in particular low-income families will support workforce participation and help to kickstart the economy. If the options outlined in point 1 are not adopted, then ELAA recommends that the CCS payments to families be increased from a maximum of 85%- 20% minimum of hourly fees to 95% maximum to 30% min of hourly fees.

If you have any questions relating to this submission, please contact Lisa Minchin, ELAA Advocacy and Grants Lead, by email on Lminchin@ela.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