



Australian Government
Department of Education,
Skills and Employment

Early Childhood Education and Care and COVID-19: Path to recovery

Summary of stakeholder engagement and
consultation by the Australian Government

August 2020



ISBN

978-1-76051-942-1 [PRINT]

978-1-76051-940-7 [PDF]

978-1-76051-941-4 [DOCX]



With the exception of the Commonwealth Coat of Arms, the Department's logo, any material protected by a trade mark and where otherwise noted all material presented in this document is provided under a [Creative Commons Attribution 4.0 Australia](#) licence. The details of the relevant licence conditions are available on the Creative Commons website (accessible using the links provided) as is the full legal code for the [CC BY 4.0 AU licence](#). The document must be attributed as the **Early Childhood Education and Care, and COVID-19: Path to Recovery**



Purpose

This document outlines the consultation and stakeholder engagement undertaken by the Australian Government as it helped the Early Childhood Education and Care (ECEC) sector navigate the COVID-19 emergency.

Background

The COVID-19 pandemic created unprecedented disruption for the ECEC sector when demand for child care in Australia collapsed in early March 2020 as parents pulled their children out of care. The Australian Government's swift intervention through the Early Childhood Education and Care Relief Package (Relief Package) ensured the sector, comprising 13,400 services catering for 946,000 families and 1.3 million children, avoided mass closures and staff layoffs and continued to support families through significant social and economic disruption.

The Relief Package, initially designed to run from 6 April to 28 June 2020, temporarily replaced the Child Care Subsidy (CCS), providing families with free child care, and giving providers a weekly Business Continuity Payment of approximately 50 per cent of their fee revenue or 50 per cent of the existing hour rate cap, whichever was lower, based on the fortnightly reference period to 2 March 2020.

The Government initially committed \$1.6 billion for the three-month Relief Package, and conducted a [Four Week Review](#) to determine the success of the Relief Package, and to consider adjustments that may need to be made in the short term and as the sector returned to CCS. The Relief Package was provided alongside other support payments for the sector, including JobKeeper and Cash Flow booster for employers with payments of between \$20,000 and \$100,000.

The review found the Relief Package did its job, with 99 per cent of services staying open. Supporting this, a survey of services established that by mid-May 2020 attendance hours across the sector had risen from disastrously low levels to 74 per cent of pre-COVID levels. On 8 June 2020, the Australian Government announced it would extend the Relief Package to 12 July 2020, with the CCS system to resume the next day. To ease the transition, the Minister announced:

- services would receive a Transition Payment of 25 per cent of their fee revenue
- COVID-19-impacted families would receive up to 100 hours per fortnight of subsidised care under a relaxed activity test, and
- additional absence days could be claimed for COVID-19 related reasons without the need for medical evidence until 31 December 2020.

Consultation and stakeholder engagement

It was the Government's intention to return the sector to CCS and Additional Child Care Subsidy (ACCS) at an appropriate time. Acknowledging that doing so would not be as simple as turning



settings off and then back on, that the sector comprised a mix of business models, and that individual services could experience changes quite differently, the Government undertook extensive consultation to:

- gather and assess feedback on the impact of the Relief Package
- seek suggestions on how to manage the return to CCS, and
- gain a deeper understanding of the impact of the pandemic on ECEC services and the families they served.

The consultation process did not intend to redesign the CCS.

Consultation by the Department of Education, Skills and Employment (the department) involved:

- ongoing engagement throughout the COVID-19 pandemic with the ECEC Reference Group, sector peak bodies, and individual providers and services
- surveying child care services about their situation and the effects of the Relief Package
- analysis of submissions, correspondence and verbal feedback provided by sector peak bodies, providers, services and educators
- providing feedback, survey results and data to inform the Minister's Four Week Review
- conducting a follow-up service survey to clarify issues and to elicit more information
- holding nine sessions by child care sector segment through May and early June, and
- conducting a parent survey to understand the impact of the pandemic on families and their access to child care under the Relief Package.

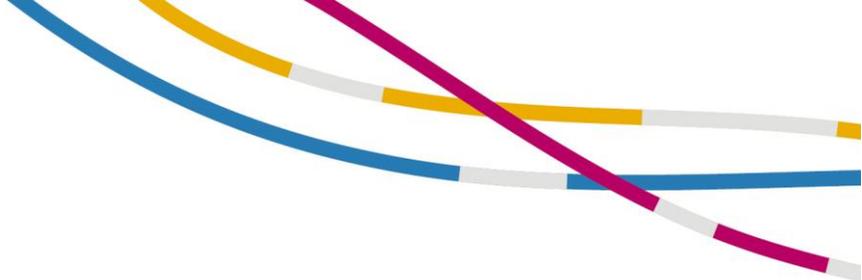
Input was also considered via the large volume of representations made by individuals (parents, educators and business operators) to the department and to the Minister for Education.

Survey of child care services

The department commissioned ORIMA Research to conduct, analyse and report on an online survey of child care services held between 24 April and 4 May 2020. Some 54 per cent of services responded (a total of 7300), and the findings were used to inform the Four Week Review. The survey objectives were to gather data on:

- the impact of COVID-19 on child care service staffing levels
- the impact of COVID-19 on attendance levels
- the extent to which child care services were eligible and applying for JobKeeper, and
- the extent to which the Relief Package and JobKeeper supported services during the crisis.

The survey established the devastating impact of the pandemic on the sector, although to varying degrees depending on the segment. For instance, Centre Based Day Centre services suffered declines in attendance of more than 50 per cent, with the decline less for In Home Care services.



The survey found the Relief Package coupled with JobKeeper had helped services to stay open (86 per cent of services), remain viable (76 per cent), retain staff (86 per cent), provide care to children of essential workers and vulnerable children (87 per cent), and keep children enrolled (80 per cent).

Four Week Review

The Minister for Education committed to reviewing the three-month Relief Package after four weeks to help decide what next steps to take. This Four Week Review of 18 May 2020 considered the survey of services along with other data from the department, and feedback from stakeholders through submissions and targeted consultations.

The review established an urgent need to address tumbling attendances, which shortly before the announcement of the Relief Package had fallen on average between 30 and 40 per cent. The review found the Relief Package had so far succeeded in keeping services open and viable.

Department data showed as of 27 May 2020 that 99 per cent of the sector's 13,400 services were operational. As the survey of services found, the Relief Package and JobKeeper had helped, to some extent, to keep services open (86 per cent of services).

Other key points of the Four Week Review were that the pandemic and Relief Package had impacted services differently, some providers were concerned about the ineligibility of some workers for JobKeeper, and operators were anticipating a surge in demand for child care as the economy rebooted and schools returned. This led some services to call for the return to CCS, and/or other measures. As well, the review acknowledged the sector's desire for four weeks' notice before any return to CCS.

Rapid follow-up survey of child care services

As part of monitoring the impacts of the unfolding crisis and to provide another input for Government decision making, ORIMA Research undertook a follow-up survey of child care services with 5,830 responses (45 per cent response rate) from 18 to 22 May. This survey was conducted after services with eligible employees were receiving JobKeeper.

The second survey of services identified that JobKeeper coverage of educators was impacting capacity to deliver care. Among services eligible for JobKeeper, 23 per cent of educators were ineligible, with OSHC (37 per cent ineligible) and IHC (38 per cent), particularly impacted.

Services reported that total attendance hours across all service types in the week beginning 11 May 2020 was 74 per cent of pre-COVID levels (week starting 24 February 2020). The attendance hours for each service type were:

- 81 per cent for Centre Based Day Care
- 72 per cent for Family Day Care

- 86 per cent for In Home Care, and
- 45 per cent for Outside School Hours Care (noting schools had not fully reopened at this time).

In response to the question ‘When do you think the ECEC sector should return to the Child Care Subsidy System?’ service responses included:

- 34 per cent ‘when the Relief Package is due to expire on 28 June’
- 10 per cent ‘in July 2020’
- 32 per cent ‘in late September 2020’
- 5 per cent ‘other’ with specific comments including ‘now’, ‘immediately’ or similar
- 19 per cent ‘other’ with an either non-specific dates (such as ‘when school returns’) or variety of other dates.

Services also generally reported a more positive response to the question whether the Relief Package coupled with JobKeeper had, to at least some extent, helped services to stay open (90 per cent of services), retain staff (91 per cent), provide care to children of essential workers and vulnerable children (91 per cent), remain financially viable (82 per cent) and keep children enrolled (82 per cent).

Consultations by sector segments

The department arranged nine sessions with particular segment interests. Sessions covered:

- Family Day Care (FDC) and In Home Care (IHC) services
- Outside School Hours Care (OSHC) and Vacation Care (VC) services
- local government representatives
- large Centre Based Day Care (CBDC) providers
- services supporting Aboriginal and Torres Strait Island families
- educators, other workers and unions
- services with vulnerable and disadvantaged children, and
- small independent CBDC providers.

These sessions included commercial and not-for-profit operators, and other ECEC representative bodies and stakeholders. Some stakeholders followed up by sending submissions. The department also received feedback through the ECEC Reference Group. Some stakeholders noted common challenges, among them:

- receiving information about the Relief Package at the same time as families
- the reference period did not reflect their busier times later in the year
- demand for child care varied across the country and operating models
- some services were ineligible for JobKeeper

- 
- pending or declined applications for Exceptional Circumstance Supplementary Payment or Community Child Care Fund (CCCF)
 - increased costs for centres taking additional health measures
 - impact of free child care, such as increased use, new families and change in attendances.

Factors impacting the transition

Some stakeholders commented on their desire to have continued access to JobKeeper because it helped them retain staff at a time of financial duress. They noted many families would find themselves under immense financial pressure when the JobKeeper program ended in September 2020.

Stakeholders said vulnerable and disadvantaged families would be the most impacted on the return to CCS, and some families would be likely to drop child care once fees were charged again. Another pressing concern was how to handle the expected sudden rise in attendance levels as restrictions eased, children resumed on-site classes, employees returned to workplaces and businesses reopened.

Suggestions for supporting families

Stakeholders suggested the following to support families for when the Relief Package ended:

- removing or relaxing activity test requirements
- streamlining the application process for ACCS
- increasing the number of additional child absences, and
- waiving gap fees.

Other suggestions concerned more fundamental policy shifts, including increasing the rebate, extending ACCS and providing a minimum number of days of free child care.

Suggestions for supporting services and providers

Stakeholders urged additional support be provided during transition, in particular to smaller services such as through top-up payments under the Exceptional Circumstance Supplementary Payment and CCCF. Some called for the extension of the Relief Package and lifting the Business Continuity Payments base. Others wanted to charge a parent contribution, while others wanted to strengthen the ECEC workforce, noting the impact eligibility conditions that JobKeeper had on casual workers.

The consensus among stakeholders was for the Government to take a staged approach and to consider horizons like - the return to CCS, the COVID-19 recovery, start of the next school year, and the longer term when other reforms might be warranted.



Segment by segment consideration

Consultation meetings canvassed the experiences of the sector's individual segments. Segment-specific issues, included:

- FDC and IHC wanted supplementary funding through CCS and greater access to ACCS given its relatively higher proportion of vulnerable and disadvantaged families.
- Local governments' stated a strong desire to return to CCS.
- Services supporting Aboriginal and Torres Strait Islander families advocated for the relaxation of the activity test. Some services reported an increase in families accessing free child care but feared these services families would withdraw their children from child care, and there would be an increase in absences, at the end of the Relief Package.
- Services with vulnerable and disadvantaged children asked for the ability to waive the gap fee and wanted more support for families completing Centrelink forms.
- Small CBDC services asked for help to cover operating costs such as insurances and measures to reduce waiting times for ACCS. They welcomed the consultation, noting almost 80 per cent of services were smaller services.

In a survey of parents, Goodstart Early Learning found more than half of its families had suffered significant income loss. Three quarters of families were concerned about affordability of child care, and 37 per cent said they would reduce days or withdraw children if fees were reintroduced.

Parent survey on the ECEC Relief Package

ORIMA Research undertook a phone survey from 2–13 June 2020 of 1,756 parents whose children attended child care in March 2020 – before the Relief Package began on 6 April. Respondents comprised 1,528 parents with children in child care and another 228 parents specifically accessing ACCS. Parents were surveyed across sector segments, and in all states and territories.

The objectives of the survey were to better understand the:

1. impact of COVID-19 on paid work hours and household incomes of families
2. impact of COVID-19 on child care use and needs
3. extent to which the Relief Package helped families meet costs of living and maintain child care arrangements, and
4. extent to which parents expected their child care needs would change by end of July 2020.

Impact of COVID-19 on paid work hours and household incomes

- 30 per cent of male CCS parents and 32 per cent of female CCS parents reported their paid work hours decreased by at least 10 per cent because of COVID-19.

- 
- 28 per cent of male ACCS parents and 36 percent of female ACCS parents reported their paid work hours decreased by at least 10 per cent.
 - 35 per cent of CCS parents reported their household income decreased by at least 10 per cent.
 - 29 per cent of ACCS parents said their household income increased by at least 10 percent.

Impact of COVID-19 on child care use and needs

- 22 per cent of CCS parents reported the total child care hours attended by their children over the week starting 25 May 2020 was more than 10 per cent lower than a typical week before COVID-10, but 13 per cent said it was more than 10 per cent higher.
- 91 per cent of CCS parents and 87 per cent of ACCS parents stated they were able to obtain all the child care they required.

Extent to which Relief Package helped families meet costs of living, and maintain child care arrangements

- Of the 98 per cent who reported they had not been asked to pay child care fees:
 - 85 per cent reported free child care helped their family meet costs of living, and
 - 75 per cent reported free child care helped them maintain child care arrangements.

Future child care needs

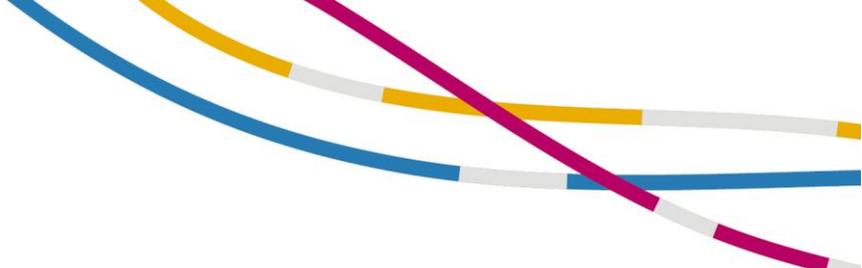
Parents were asked to predict what their child care needs would be at the end of June and July 2020.

- For the period between the end of May and end of July 2020, parents predicted their average weekly child care needs would rise 26 per cent. ACCS parents predicted a 10 per cent increase.
- 39 per cent of parents expected their child care needs to increase by more than 10 per cent. They attributed this to increased work hours (cited by 41 per cent of parents), no longer working from home (18 per cent), and schools re-opening (9 per cent).

The survey report acknowledged the difficulties with parent projections given various uncertainties, including the easing of pandemic restrictions and the pace of the economic recovery. Parents' use of child care would also depend on their work circumstances and factors such as school re-openings.

Next steps

On 8 June 2020, in response to stakeholder feedback, the Government announced that the Relief Package, which was due to end on 28 June 2020, had been extended until 12 July 2020 to continue to keep services viable and to provide care for families of essential workers and vulnerable children.



From 13 July 2020, CCS and ACCS recommenced, along with a range of new measures to support the sector and families through the transition, including a relaxed activity test for families and a new 25 per cent Transition Payment for providers. The Transition Payment was also extended to 30 per cent for Melbourne providers given the burden of restrictions there.

The Transition Payments were seen as a way to more equitably support the sector's varying business models given about a third of educators were not initially covered by JobKeeper.

Early Childhood and Child Care Deputy Secretary, Ros Baxter, told the Australian Senate Select Committee on COVID-19 on 11 August 2020 the department had undertaken intensive consultation as it planned the transition back to CCS.

This included talking to services, peak bodies and interest groups, including those representing Aboriginal and Torres Strait Islander people. The inequality of JobKeeper was highlighted in consultations, so the Transition Payment was offered as a flat payment across all parts of the sector. This approach was well-received in subsequent consultation with peak bodies.

Ongoing consultation

The Minister has stated he and the department would continue to meet with families, services and stakeholders. A range of communication activities is planned to keep services and families updated about the transition, including communications to reach culturally and linguistically diverse (CALD) families.