

11 August 2021

The Hon Dominic Perrottet MP  
NSW Treasurer  
Parliament of New South Wales  
52 Martin Place  
SYDNEY NSW 2000

Dear Treasurer Perrottet,

**Re: Request adjustments to JobSaver to support negatively affected NSW-based early childhood education and care services during extended COVID-19 lockdown**

The Australian Childcare Alliance (ACA) NSW is the peak association representing the privately-owned early childhood education and care sector serving over 1,600 services primarily across New South Wales. Our members collectively employ over 25,000 staff and support over 125,000 families.

We acknowledge and greatly appreciate the NSW Government's ongoing support of the early childhood education and care (ECEC) sector during this COVID-19 pandemic.

As the peak body for early learning (childcare), we are privileged to have the opportunity to closely collaborate with all Australian governments at the different stages of the pandemic. We absolutely remain committed to being a solutions-focused and constructive partner to you to ensure the best outcomes for children, families, educators and the service providers.

The early childhood education and care (ECEC) sector has proven to be one of the bedrocks of the NSW and Australian economy. We are pivotal to enabling especially essential and health workers to remain on the frontline where they are needed.

We wholeheartedly support the NSW Government's efforts in protecting us from the COVID-19 pandemic. But as the Delta variant is thus far proving to be the most challenging yet, the Federal and NSW Governments' assistance to support negatively affected businesses during this extended lockdown is welcomed.

That said, due to the extended lockdowns and concerns about transmissions of COVID-19 across an ever-increasing number of communities, the increasing declines of children's attendances at ECEC services occurring across communities do not appear to be localised in any alignment to NSW Health's declared affected areas.

Such increasing declines in children's attendances during the first five weeks of the Greater Sydney lockdown is best illustrated via the interactive map that ACA NSW has produced (<https://www.easymapmaker.com/map/d9eecb48779acd5d67606184ad8c1187>). It reflects the macro statistics of declining attendances as shown in the following table:

<b>%age of services and their children's attendances during lockdown</b>	<b>Week 1</b>	<b>Week 2</b>	<b>Week 3</b>	<b>Week 4</b>	<b>Week 5</b>
91%-100% in attending	14.36%	12.57%	16.54%	6.99%	6.45%
81%-90% in attendance	9.9%	14.66%	12.6%	9.68%	8.33%
71%-80% in attendance	13.86%	15.18%	14.17%	14.52%	12.63%
61%-70% in attendance	19.31%	16.75%	10.24%	14.52%	14.78%
51%-60% in attendance	19.80%	15.71%	17.32%	18.82%	13.17%
<b>50% or under in attendance</b>	<b>22.77%</b>	<b>25.13%</b>	<b>29.13%</b>	<b>35.48%</b>	<b>44.62%</b>

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### **Additional flexibilities requested of JobSaver to assist the ECEC sector**

Presently, to be eligible for JobSaver, ECEC services must demonstrate a decline of 30% or more in turnover over a minimum two-week period during 26 June 2021 to 28 August 2021 compared to the equivalent period in 2019, in 2020, or the two-week period immediately before lockdown commenced (ie 12-25 June 2021).

The recently introduced flexibility to demonstrate the financial decline during the first 9 weeks of lockdown is welcomed and appreciated.

That said, it is widely presumed that the lockdown will be extended beyond 28 August 2021 (and likely to be till November 2021). As such, should ECEC services be unable to be financially viable from week 9 onwards, then we would ask that such an end-date for applying for JobSaver be removed.

We also ask that the ECEC sector be considered as a “highly impacted industry” because JobSaver can be approved based on declarations confirming their eligibility criteria. This can include known declines in turnover because of absences of children as well as terminations of enrolments.

Without such declarations, JobSaver may not be approved in time such that services may consider other changes to their employment expenses, including redundancies, to remain viable.

ACA NSW requests that the NSW Government:

- remove the 28 August 2021 end date or broaden the eligibility criteria of JobSaver to the end of the lockdown when that date is formally declared;
- include ECEC services as one of the “highly impacted industries” when applying for JobSaver as defined by the Service NSW website; and
- allow ECEC services to provide their children’s absences and terminations of enrolments as declaration of evidence for JobSaver showing the required decline in turnover.

Another difficulty for the ECEC sector is when a service operates at multiple sites under one Australian Business Number (ABN). Therefore, some of their sites may independently qualify for JobSaver but would currently be ineligible if turnover were calculated under a single ABN.

ACA NSW requests that the NSW Government:

- assess revenue loss at a site level rather than ABN level.

### **Other ECEC requirements that can render the ECEC sector ineligible for JobSaver**

Unlike most other businesses, ECEC services’ revenue is intrinsically affected by both the number of children being cared for and therefore the regulated number of staff required.

Such staff ratios imposed by NSW-specific regulations are higher than all other Australian states. This is confirmed and highlighted by the NSW Productivity Commissioner’s

- Green Paper ([https://www.productivity.nsw.gov.au/sites/default/files/2021-06/Productivity%20Green%20Paper\\_Consolidated\\_v2.pdf](https://www.productivity.nsw.gov.au/sites/default/files/2021-06/Productivity%20Green%20Paper_Consolidated_v2.pdf)); and
- White Paper (<https://www.productivity.nsw.gov.au/white-paper>).

Hence, given the increasing withdrawals of children from ECEC services, ECEC job losses will be more significant than in other Australian states. This is because ECEC services cannot legally stand down permanent staff under Section 524 of the Fair Work Act in any capacity as ECEC services are not closed. Unlike last year, the temporary protections afforded to employers under the JobKeeper framework to partially stand down staff no longer exist.

Consequently, well before any government financial assistance could be of benefit to negatively affected ECEC services, the reality will be that such services will have no choice but to consider other changes to their employment expenses, including redundancies, to remain viable.

**In doing so, ironically, this will render ECEC services ineligible for JobSaver because it will therefore not be able to maintain the same headcount of employees as of 13 July 2021.**

And once these ECEC services begin to contract, their ongoing and future capacities to support local children and their families will also be significantly impaired and may take some time to recover. Moreover, given the already existing skilled labour shortages for the ECEC sector, educators and teachers who are let go largely never return.

ACA NSW requests that the NSW Government:

- adjust the drop in turnover threshold from 30% to 20%; and
- ensure that the Commonwealth's Child Care Subsidies (CCS) for absent children be not included when calculating the revenue reduction.

### **JobSaver will still not help all negatively affected ECEC services**

While everyone across New South Wales and the nation are sharing the risks and burdens of the consequences of the COVID-19 pandemic, we ask of our governments for reasonable adjustments and flexibilities to enable ECEC services to maintain their fullest complement of existing employees as well as the ability to achieve operational survival.

Doing so will enable ECEC services to remain available especially for working parents/guardians when we quickly return to a post COVID-19 normal post lockdown (which is now anticipated to be in November 2021).

**Which is why it is important to note that notwithstanding if all the above adjustments were granted, there will still be a significant number of ECEC services who will not adequately benefit from or not qualify for JobSaver. Such ECEC services will usually have enrolled children who are from households with low-to-zero Commonwealth Child Care Subsidies entitlements and are:**

- **keeping their children at home to heed the NSW Government's stay-at-home advice; and**
- **not paying the gap fee or terminating their children's enrolments.**

Without additional government support, the even more significant shortfall in income will simply be too large. These ECEC services will have no choice but to implement changes to their employment expenses, including redundancies, to remain viable and hope to survive the impact of lockdown.

Hence why I have also included a copy of ACA's national submission to the Federal Minister for Education for your reference which seeks ECEC sector specific additional assistance.

We are available to assist in providing any further information and clarification should you require.

And we thank you for your consideration of our requests.

Yours sincerely,



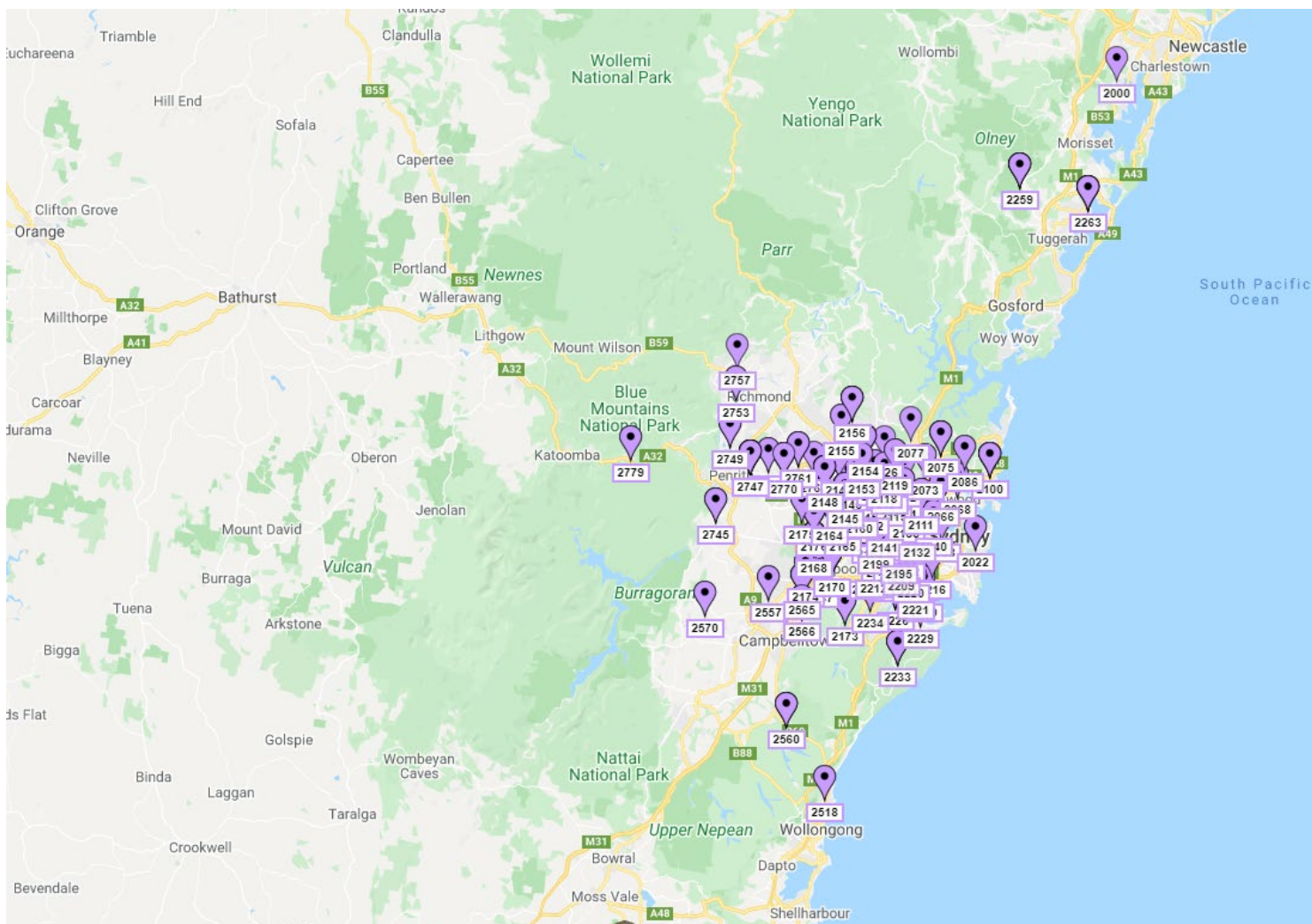
Chiang Lim  
CEO

cc The Hon Gladys Berejiklian MP, NSW Premier

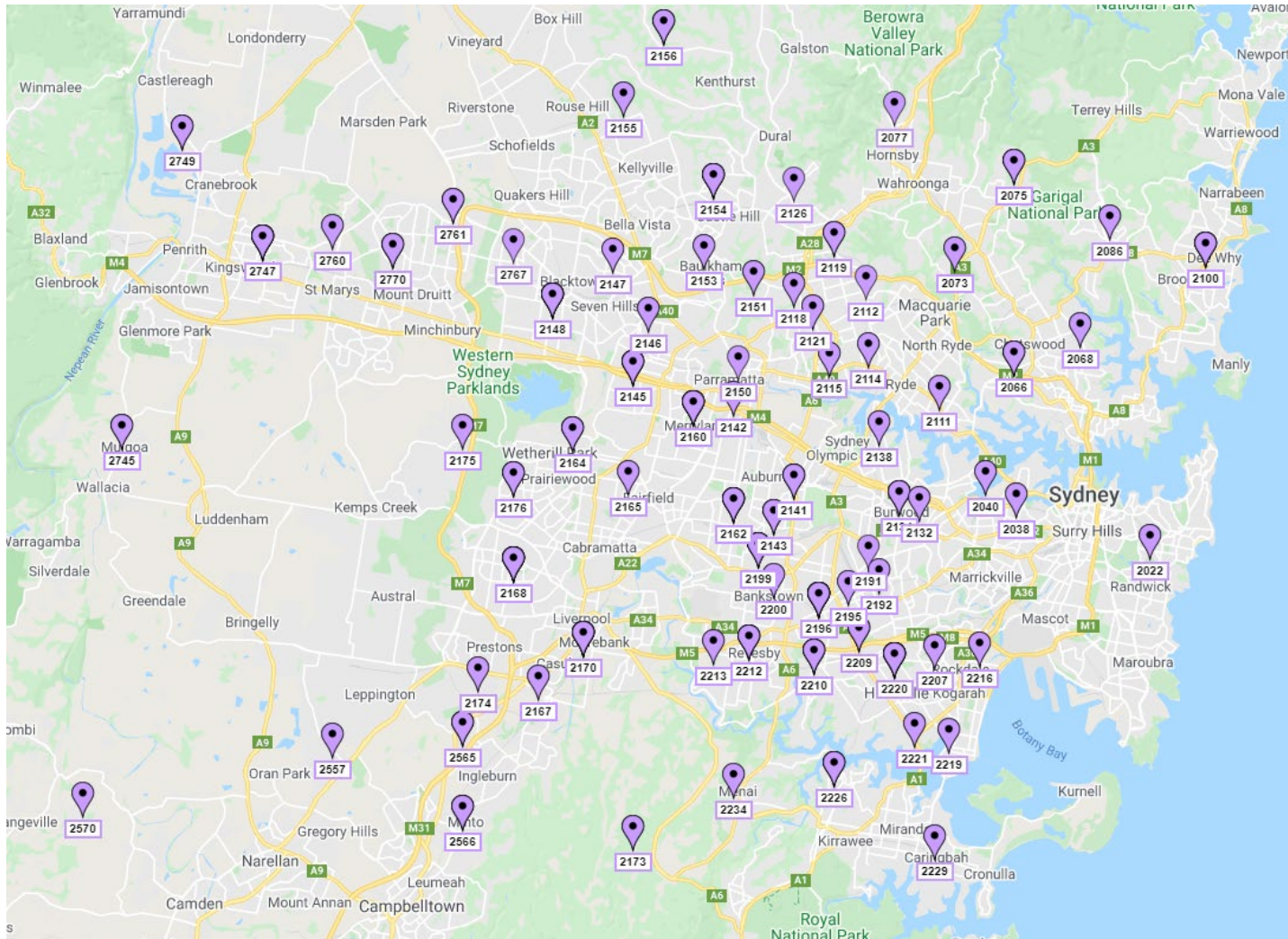
The Hon Damien Tudehope MLC, NSW Minister for Finance and Small Business  
The Hon Sarah Mitchell MLC, NSW Minister for Education and Early Childhood Learning  
The Hon Stuart Ayres MP, NSW Minister for Jobs

The Hon Scott Morrison MP, Prime Minister of Australia  
The Hon Josh Frydenberg MP, Federal Treasurer  
Senator the Hon Michaelia Cash, Federal Minister for Industrial Relations  
The Hon Alan Tudge MP, Federal Minister for Education  
The Hon Ben Morton MP, Federal Assistant Minister to the Prime Minister and Cabinet

encl 1. Copy of letter from the Hon Alan Tudge MP (6 August 2021)  
2. Copy of ACA submission to the Hon Alan Tudge MP (11 August 2021)



**ATTACHMENT A: Survey Map of New South Wales where attendances of children are under 50% during Week 4 & 5 of lockdown**  
<https://www.easymapmaker.com/map/d9eecb48779acd5d67606184ad8c1187>



**ATTACHMENT B: Survey Map of Greater Sydney where attendances of children are **under 50%** during Week 4 & 5 of lockdown**  
<https://www.easymapmaker.com/map/d9eecb48779acd5d67606184ad8c1187>



## The Hon Alan Tudge MP

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Minister for Education and Youth

Ref: MC21-005309

Mr Chiang Lim  
Chief Executive Officer  
Australian Child Care Alliance  
PO Box 660  
PARRAMATTA NSW 2124

By email:  
chiang.lim@childcarealliance.org.au

Dear Mr Lim *Chiang*

Thank you for your letter of 5 July 2021 regarding the lockdowns occurring due to the COVID-19 pandemic in Greater Sydney. Thank you also for attending the stakeholder roundtable via video on 4 August 2021.

I appreciate the productive approach you have taken to communicating your concerns, providing information and working collaboratively with the Department of Education, Skills and Employment.

As you know, the role of the early childhood education and care sector is critical to supporting families during lockdowns, and to be available to support families as the economy re-opens. I know the early childhood sector has taken seriously its contribution throughout the COVID-19 pandemic and continues to do so.

The Department has undertaken careful analysis to ensure the combination of supports available for approved child care services in Greater Sydney will support families, businesses and early childhood educators.

Although child care remains fully open in Greater Sydney, some families are choosing not to send their children, including because of changes to their own work patterns. As you know, from 19 July 2021 services have been allowed to waive the gap fees for families who are not attending child care. This provides a two-fold benefit. For families this allows fee relief, and for providers it allows guaranteed revenue from the child Care Subsidy. Importantly this was introduced at the same time that business support became available.

In addition to allowing gap fees to be waived for families whose children are not attending, families will also be able to access additional allowable absences for the period of a lockdown. Amendments to Ministerial Rules will facilitate an additional pool of allowable absences for a lockdown that extends past one week, with absences to be backdated to commence from the declaration of a Commonwealth hotspot. This will mean the regular 42 days of allowable absences remain available to families throughout the year. In Greater Sydney, this will provide an additional nine weeks of absences to families in the affected Local Government Areas (LGAs).

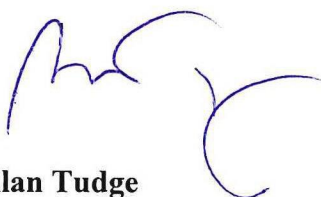
The Commonwealth and New South Wales Governments are working together to provide significant economy-wide support for businesses in Greater Sydney through JobSaver. Although co-funded by the Commonwealth, the NSW Government is administering these payments to businesses as quickly as possible. Last week JobSaver payment eligibility was broadened and is now available to businesses with a turnover between \$75,000 and \$250 million which experience a 30 per cent decline in revenue. The payments provide up to \$100,000 a week, calculated on 40 per cent of the businesses' payroll to help maintain employee levels and provide cashflow support to businesses. You can find more information about the JobSaver payment, including steps to apply, online here:  
<https://www.service.nsw.gov.au/transaction/jobsaver-payment>.

The Australian Government is also providing significant support for individuals through the COVID-19 Disaster Payment, where workers have been adversely affected by a state public health order. If an early childhood educator has their hours reduced, they may be eligible for payments of up to \$750 per week.

I understand the Department has already sent communication directly to providers and I appreciate your support to communicate more broadly with the sector.

I have asked the Department to carefully monitor the impacts of the restrictions, family supports and JobSaver. I appreciate your ongoing engagement and willingness to share information as it becomes available. This will continue to be important as circumstances in New South Wales and elsewhere evolve.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Alan Tudge', with a stylized flourish extending from the end.

**Alan Tudge**

6 / 8 / 2021

Wednesday 11<sup>th</sup> August 2021

The Hon Alan Tudge MP  
Minister for Education and Youth  
PO Box 6022  
Parliament House  
Canberra ACT 2600

Via email: [alan.tudge.mp@aph.gov.au](mailto:alan.tudge.mp@aph.gov.au)

Dear Minister,

**Re: Delivering confidence to families, educators and service providers**

**Introduction**

The Australian Childcare Alliance (ACA) acknowledges and greatly appreciates the Australian Government's ongoing support of the Early Childhood Education & Care (ECEC) sector during the COVID-19 pandemic. The 330,000 children who our member providers keep safe and educated, even through the worst days of this terrible virus, rely on your support continuing – and adapting – as need be.

As the peak body for early learning (childcare), we have enjoyed a trusted, collaborative partnership with the government throughout the pandemic. We absolutely remain committed to being a solutions-focused and constructive partner to your government to ensure the best outcomes for children, families, educators and the service providers.

The ECEC sector has proven to be the bedrock of the economy. Our sector is pivotal in enabling essential and health workers to remain on the frontline where they are needed. We provide economic security to our educators (the majority of whom are women) and we enable mothers to return to the workforce.

With the ever-evolving health circumstances across the country, including a new and expanding lockdown in Victoria, Queensland and the ongoing lockdown in Greater Sydney and regional NSW, we now urgently need your support to ensure that the early learning sector has access to appropriate targeted support where needed, to safeguard its survival in the role of a key contributor to economic recovery.

We appreciate there is government support available, but this simply is not appropriately targeted; there are many issues threatening to undermine the Australian Government's well intentioned support packages. There are cost effective alternatives that can ensure that families, educators and service providers are adequately and fairly supported while attendance rates continue to fall.

These include:

- Developing a targeted, fit-for-purpose funding model that would be consistent across the country should extended lockdowns occur

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- Amending the eligibility criteria of JobSaver to ensure it provides adequate support to the early learning sector
- Introducing legislation to allow partial stand down of educators

Given that our ECEC sector is indeed the bedrock of the Australian economy, we are also seeking support and understanding from the key Economic Ministers.

### **Supporting the survival of the early learning sector in changing circumstances**

A single 'whole of economy' one-size-fits-all support package is simply not going to work effectively for the early learning sector with its specific needs, especially when attendances rates fall dramatically, as we are experiencing in NSW.

Our data shows that for week beginning July 26 almost 70% of services in Greater Sydney had absence rates exceeding 40%<sup>1</sup>. As the Delta variant continues to rage through some of our most vulnerable communities, more services will experience low attendance numbers, exacerbating the acute challenges of staying open in this difficult climate.

### **Supporting Our Families**

Our members want to support their families by providing the gap fee waivers when the children are unable to attend early learning programs. However, for many services this well intended policy can be devastating for the services.

### **Supporting Our Workforce**

During the height of the pandemic in 2020 we lost many educators – particularly those in casual roles – and many simply did not return. Another unwanted workforce purge would be catastrophic. This is a sector already experiencing a critical workforce shortage. Without the educators, ECEC services will be forced to reduce places due to the strict educator-child ratio.

### **Understanding the challenges of the JobSaver Business Support Package**

We commend the Australian Government on its JobSaver package, the amended eligibility criteria and the additional financial support available but there are ***still issues facing our sector that need urgent review***.

### **Revenue Reduction**

Whilst the recent change to allow the JobSaver reference period to be the two weeks immediately prior to lockdown (12 to 25 June 2021) is welcomed, services who just miss out on this threshold are still likely to have to redirect all their revenue to wages considering payroll absorbs in the vicinity of 70% of revenues in normal circumstances.

### **Structure of Legal Entities Operating Services**

For multi-site operators, there are a range of inconsistencies in the qualification of JobSaver.

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<sup>1</sup> <https://www.easymapmaker.com/map/d9eecb48779acd5d67606184ad8c1187>

Those providers, with multiple centres operating as one entity, will be unfairly penalised by not having each site assessed on its individual merits and by the weekly cap on funding support available.

### **Potential Solutions to a Complex Problem**

ACA remains committed to providing constructive solutions for consideration. Please find below three separate options for your immediate consideration.

#### ***1 - Developing a targeted fit for purpose funding model for the Early Learning Sector***

ACA's first preference is to ensure a targeted fit-for-purpose funding model that ensures the survival of the sector at times of extreme absences and extended lockdowns. The introduction of gap fee waivers has varying impact across different services depending on absence rates and the CCS profile of its community.

In order to ensure that any additional support is targeted to those services that need it most and delivers equity based on the demographic profile of a service, ACA would support a formula where the government covers 50% of a service's gap fees where they have been waived. ACA would recommend that the gap fee waiver top up be introduced once services experience absence rates of 40%.

#### ***2- Amend the eligibility criteria of JobSaver***

For the reasons outlined above JobSaver does not provide adequate protection for the early learning sector due to the eligibility criteria. The following changes would improve the JobSaver to ensure it is more appropriate for our sector. These include:

- Adjusting the drop in revenue required from 30% to 20%; or
- Ensure that CCS for absent children is not included when calculating the revenue reduction
- Assess revenue loss at a service level rather than ABN level

#### ***3 - Introduce legislation to allow partial stand down of educators***

Right now, it is our advice that our members cannot legally stand down permanent staff under Section 524 of the Fair Work Act<sup>2</sup> in any capacity as services are not closed. We no longer have the temporary protections afforded to employers under the JobKeeper framework to partially stand down staff. This unfairly penalises services who commit to the permanent employment of their educators.

Should neither of the above two solutions be implemented, ACA requests the introduction of legislation to allow for partial stand down of our workforce. This will ensure that educators and teachers are able to access the necessary financial support provided by the COVID-19 Disaster payments whilst allowing providers the opportunity to legally reduce staff hours throughout a period of local emergency when Disaster payments have been made available.

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<sup>2</sup> <https://coronavirus.fairwork.gov.au/coronavirus-and-australian-workplace-laws/pay-leave-and-stand-downs/stand-downs>

## Conclusion

The early learning sector is proud of its role in supporting Australian families during lockdowns but understands the vital role we play in Australia's economic recovery.

The success of Australia's economic recovery is contingent upon ensuring that families returning to work can access the early learning services they need and safeguarding the supply of educators and teachers so these services can operate at the required capacity.

We want to ensure the government's intention of supporting the ECEC sector can be effectively delivered. Instead, we fear the cracks with the JobSaver Business Support Package will only widen over the coming weeks.

In the absence of all other support mechanisms, the passage of new legislation to allow for temporary partial stand downs to occur - in specific services eligible for COVID-19 disaster payments - is ***the only way some of our services will survive***.

In short, our recommendations, if adopted urgently, will ensure taxpayer support is targeted and effective. Working families can stay on the essential service frontline and children can be assured that their beloved ECEC service can survive this terrible health and economic crisis.

We look forward to working in lock step with you to ensure that our role as the backbone of the Australian economy remains safely in place for years to come.

Should you wish to discuss any of the above in more detail please do not hesitate to contact me directly on 0411 587 170.

Yours faithfully,



Paul Mondo  
President