



RESPONSE TO THE PREMIER'S ECONOMIC AND SOCIAL RECOVERY ADVISORY COUNCIL

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A. Background – About Us

Lady Gowrie Tasmania (LGT) is a not for profit organisation and the largest provider of education and care in Tasmania. In 2018-2019 LGT supported 4,754 children and 3,526 families who utilised LGT services and programs. In 2020 LGT services collectively perform above the nationally quality benchmark.

LGT has been operating for over 80 years, starting with the Battery Point, Hobart service in 1939. Today, the organisation employs over 500 staff, provides a total of 47 services and programs to Tasmanian children and families, including long day care, outside school hours care, vacation care, occasional care, and family day care. Whilst these services and programs all adhere to the organisation's broader vision for children in relation to its operational and strategic framework, each LGT service responds to the community in which it is located and works to build robust and enduring relationships. These relationships with children, families and communities have, across time, resulted in a diverse and rich range of LGT education and care services.

LGT is also the state-wide provider of the Inclusion Support Program (ISP) and In-Home Care Support Agency (IHC) which are both funded by the Australian Government. The ISP and IHC are key components of the Government's Child Care Safety Net. The ISP provides support to early childhood and childcare (ECCC) services to build their capacity and capability to include children with additional needs in mainstream services; providing them with an opportunity to learn and develop alongside their typically developing peers. The IHC program provides access to Government subsidised education and care in the family home and is targeted to assist parents or carers who are unable to access other mainstream education and care options such as those who work non-standard hours, are geographically isolated or have families with challenging and complex needs. A key role of the IHC Support Agencies is to ensure the integrity of the care type and assist the department in monitoring compliance.

Additionally, LGT is a provider of a Family Support Program. The program is funded by the Department of Health and Human Services as part of the integrated family support program. The program promotes the safety, stability and wellbeing of vulnerable children, young people, and their families in southern Tasmania. In addition to the funded program, LGT self-fund a Child & Family Wellbeing Officer to provide underpinning for the funded role as well as free value add support to LGT families and staff who are facing issues in their parenting role. This also includes delivery of parent workshop on a range of topics facilitated by internal and external professionals.

Gowrie Training & Consultancy (GT&C) is an enterprise of LGT that delivers state-wide accredited vocational training in early childhood education and care, non-accredited professional learning for education and care professionals, research, project management and a range of workshops for children and families. GT&C has been contracted by a number of organisations to undertake project work including but not limited to the Early Childhood Australia, Tasmania Branch - Early Years and School Age Care Workforce Plan and the development of the Tasmanian Department of Education, Strong Partnerships website material.

GT&C provides operational support to the sector through governance, strategic planning, business management and administration services. Where appropriate it partners with external agencies to provide specific expertise to support the sector. Having extensive experience in operating education

and care services is complimented by working with business consultants to ensure compliance with the fiducial and regulatory obligations.

Working in collaboration with the LGT Children's Services Programs GT&C is highly experienced at anticipating and meeting the needs of both the early and middle years sector, children, families, and the community. The two programs are complimentary providing a unique opportunity to deliver quality outcomes.

LGT is governed by a skills-based Board of Directors; the organisation enjoys a positive reputation within the community, particularly governments for the quality of services provided and its commitment to children, families and those who work with them. The organisations strategic plan is underpinned by a strong social mandate, along with a values-based and strength-based approach to service delivery.

The Chief Executive Officer and the Senior Leadership Team are charged with bringing the strategic direction to fruition and are accountable to the Board Directors. To underpin the delivery and integration of such a diverse and complex set of programs, LGT has invested strategically in people and centralised systems behind the scenes to ensure efficient administration, marketing and promotion, consistency, quality standards and risk management is achieved consistently across all areas.

The Board has a strong social mandate resulting in a commitment to underwrite underperforming small education and care services in regional areas including Swansea, Oatlands, George Town and Richmond. These communities rely on education and care services during peak periods for tourism and hospitality, agriculture activities (cropping, shearing etc). During winter times, these services are not in high demand but LGT continue to operate at significant financial loss. The private sector would not operate in these circumstances as the return on investment is limited and the size not conducive to their business model. Without a LGT presence in these communities, there would be no early learning for young children, workforce participation impacted and a loss of local jobs for those educators working at the services.

The organisation is proud of its commitment to children, families and those who work with them. It enacts its values everyday in practice and lives its position of "**Children First**".

B. Status of the Education and Care Sector

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

Unemployment and underemployment in Australia are forecast to remain well above pre pandemic levels for at least the next two years ¹

Even when individuals remain employed, spending patterns are predicted to change, as businesses and households 'scale back their spending to preserve cash flow in the face of an extended downturn' ²

Over two million parents are out of work or not in the labour force, whilst hours of work have decreased for others. Lone parents have suffered employment losses with employment falling by 8% for women and more than 5% for men ³

Key findings from the Australian Bureau of Statistics survey⁴ undertaken 12-15 May 2020 reported:

- Three in four Australians (76%) with children in their household had kept them home from school or childcare due to COVID-19.
- One in five adults (22%) with children in their household changed their working hours to care for children kept at home, while 30% worked from home.
- Women were almost three times as likely as men to look after children full-time on their own (46% compared with 17%).

1. Reduction in Demand for Education and Care Services

This ABS data validates the impact the Tasmanian education care sector is experiencing in these unprecedented times in respect of the impact of the COVID-19 virus. Services are experiencing a significant downturn in utilisation due to a number of factors including.

- families withdrawing their children due to job loss or reduction in working hours
- staying/working from home
- business/school closures
- precautionary measures

Services in Tasmania report utilisation levels as low as 30% during the March/April 2020 period. The exception being Home Based Family Day Care have not been as affected due to the type of service provided. Outside School Hours Care programs were greatly impacted due to the directives to keep children at home and not attend school unless essential. These programs reported very low utilisation for obvious reasons – no school so no need for the wrap around care. There are pockets of both underutilisation and overutilisation – continued underutilisation will mean services either closing or downsizing which will have a negative impact on revitalisation of the economy

¹ Reserve Bank of Australia (2020). *Statement on Monetary Policy May 2020*. p.89

² Gratton Institute (2020). *Shutdown: estimating the Covid-19 employment shock*. P.29

³ 6020 Labour Force Australia

⁴ (<https://www.abs.gov.au/ausstats/abs@.nsf/mf/4940.0>)

The downturn currently varies depending upon the service type and location, with the snapshot below demonstrating the impact on a range of LGT services in both suburbia and remote regions. It should be noted that these services operated at capacity or near capacity as per the approved place in the pre pandemic period (February 2020).

| Service Location | Approved Places | Average utilisation March 2020 | Average utilisation April 2020 |
|-------------------------|------------------------|---|---|
| Hobart | 113 | 30.0 | 41.25 |
| Sandy Bay | 112 | 32.0 | 39.5 |
| North Hobart | 92 | 24.6 | 46.1 |
| South Hobart | 48 | 9.4 | 21.4 |
| Newnham | 55 | 11.66 | 15.2 |
| Norwood | 52 | 15.0 | 21.05 |
| Swansea | 24 | 8.0 | 8.65 |

From this table it is clear small regional services are at greater risk as they are reliant on the goodwill of LGT to provide education and care for children and support the seasonal workforce. Already LGT underwrite financial losses at three (3) regional services. Private operators do not and will not operate in these areas due to the limited profit margins. 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.

2. Australian Government support

The Australian Government has provided two packages to support the sector – the Job Keeper and ECEC Relief Package. Whilst these two initiatives will assist in the short term, assuming services meet the criteria, to ensure sustainability and financial viability long term will require intensive analysis of business models and ongoing support. It is noted that local government is not eligible for the Job Keeper wage subsidy thus adding further pressure to viability and sustainability of education and care services.

The initiatives were in place to support services remain open when they were at the point of collapse. This resulted in 99% of services remaining open supporting essential workers to continue to work but does not ensure viability and sustainability.

It is anticipated that when the initiatives end (30/6 & 30/9) it will be a critical point in time for the sector. Free childcare ends on 30/6 and it is anticipated families who have lost jobs or had hours reduced will either cancel carefully or reduce their care arrangements as it is not affordable for families unless they are working and receiving a regular income.

LGT data from a family survey validates the uncertainty outlined above:

- ❖ **15% have lost their jobs due to the impact of the pandemic**
- ❖ **28% have had their work hours reduced due to the impact of the pandemic**

When the relief package ends and free childcare no longer available and families required to revert to paying fees, the following responses:

- ❖ **10% of families who have lost their jobs indicated they would cease care on a permanent basis (cannot afford the fees with the loss of income due to financial hardship)**
- ❖ **22% of families who have had hours of work reduced indicated they would have to reduce attendance days for their child to reflect their lesser hours of work as they would not afford the cost to retain current attendance status**

3. Tasmanian Government support

The waiving of rental costs for services operated on government sites is greatly appreciated along with the waiving of annual fees for approved services. This commitment assists reducing overheads for a six-month period. Again, when this support is withdrawn it will add a further pressure point to those services on government sites. It should be noted that not all services operate from government sites hence pay more commercial rental costs.

4. Professional Learning and Development

Whilst the focus has been on attendance data, the flow on effect is the withdrawal of the sector to participate in professional learning and development. Beyond the mandatory requirements required under national law and regulation, there is little engagement as expenditure is monitored to support survival.

The importance of ongoing professional learning to influence leading edge pedagogy and practice is crucial particularly given evidence-based research indicates the critical period of development is in the years prior to school. The National Quality Framework including the National Quality Standard, the Early Years Learning Framework and Framework for School Aged Care underpin all the work undertaken by LGT both internally externally so as educators, teachers and support personnel are well equipped to provide and support quality programs.

It is now more than ever that those working with children engage in ongoing professional learning as the challenges around supporting children's social and emotional development will be paramount given the impact of COVID-19. For many children and families, the impact may not necessarily be evident immediately but over time the emergence of indicators around mental health and well being will emerge and be ongoing even during a recovery stage. Service providers and educators play a key role in supporting families and have positive ongoing professional relationships. However, they do not often have the skills and experience to deal with complex needs of families. Professional learning and other support mechanisms will be essential to address family issues in a proactive manner.

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

5. Workforce Issues

LGT staff have been supportive and flexible in relation to their engagement over the past months. Many have taken leave, accepted reduced hours of work or deployment to other programs. The longer the impact the less likely this can continue as staff exhaust their leave entitlements.

There will be job losses and indeed qualified professionals will leave the sector and could lead to a skill shortage and impact on the recovery process and revitalisation of the economy into the future.

6. Environment

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

It is a competitive environment with the increased number of for profit providers establishing or recently established new services in Tasmania – Lindisfarne (completed), Howrah (Glebe Hill in progress), Legana (plans), Sorell (plans), Launceston (two completed and one in progress). Prior to the pandemic there was oversupply in the Launceston area. The Launceston developments has resulted in further oversupply which ultimately will force the closure of smaller community-based services. Planning controls are required urgently to prevent oversupply and the demise of existing services. Families need choice of provider types, but this is being eroded.

Until recent times, the focus of LGT has been on survival as opposed to thinking more strategically or broadly about the future. LGT is now embarking on the longer-term impact of the pandemic and how to manage and respond. Working with business partner Wise Lord and Ferguson (WLF), LGT is working with key internal stakeholders to develop a strategic recovery plan. This aims to determine key principles and strategies for continued survival but also to thrive. This program of surveys, online workshops to identify future direction and strategies was initially planned as part of a program that LGT/WLF could provide more broadly to the sector and included in a proposal to government. However there has been no response from the government indicating financial support to provide this program to the education and care sector in Tasmania, therefore, LGT is progressing with this part of the program for their own services only.

7. Regulations/Funding

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.

LGT model of centralised systems and clustering of small services has supported sustainability and viability and this model has been adopted by multiple services operating in the wheatbelt area three hours from Perth. The West Australia Government and Lottery West has provided funding to support the establishment of the cluster model with LGT being a key consultant.

C. What is needed?

There are a raft of ideas and solutions that would support the education and care in Tasmania. The cost of some of these solutions is minimal when compared with financial support being offered by the State Government to many businesses, industries and agencies.

LGT can provide cost effective services that will be targeted and reflective of the needs of the individual services.

These services will be delivered by an experienced team of LGT education and care professionals along with external partners with specific expertise about each area. The organisation has the proven experience and well regarded within the sector for the quality of services provided.

What the sector does not need is a consultant, agency or bureaucrat without the skills, explicit experience and knowledge of the sector. The time taken to gain this results in lesser service delivery on the ground where it is needed the most. LGT can hit the ground running as education and care and support is their core business and has been for 80 years. A list (not exhaustive) of ideas for support and solutions are outlined below.

1. Capital upgrade

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. LGT is well placed to contribute to the establishment of new services and have extensive experience in doing so.

Solution – provide capital funding to community owned services to upgrade existing services or establish new services in areas of unmet demand.

2. Workforce

LGT and services more broadly 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.

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.

Similarly, funding for new entrants to gain qualifications would support services and indeed contribute to the economic recovery. There will be in the future the need for a skilled and well-trained professional workforce. LGT is a Registered Training Organisation well known for its rigorous and robust approach to accredited training. Delivered by early childhood professionals the organisations strength is the requirement for foundation units of Education and Care courses to be class based as the importance of professional dialogue with peers and teachers cannot be underestimated. The RTO is linked directly to an operational education and care services providing for best practice

demonstration. Similarly, as a large provider student can undertake practicums in LGT services supervised by leaders with the commitment to quality outcomes.

Solution – provide funding to LGT Gowrie Training and Consultancy Team to consult with the sector to develop and deliver a program of professional learning and development for the education and care sector.

3. Business Continuity Planning

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 expenditure during the pandemic crisis. The focus has been purely on survival and little consideration to the future recovery phase and how to respond and manage.

Business continuity is a key issue. LGT and indeed all services are concerned about the impact of the withdrawal of Australian Government support initiatives. Furthermore, other support mechanisms such as waiving rental costs will have an end date and the ability of staff to continue to access leave will cease. The sector needs ongoing support to develop and implement strategies to support sustainability of different business models to address the current crisis but also to support a more resilient and agile sector that can respond to change.

Solution – provide funding to LGT/WLF consortium to provide targeted business continuity support to the education and care sector. A draft program of this support has already been developed and trialled (and paid for) by LGT. The funding would be to deliver the program more broadly to the sector in Tasmania and be targeted and in context to the community the services serves.

4. Support

Who is responsible? Historically education and care has been viewed as a commonwealth responsibility with families subsidised through funding, sector regulated through National Law and Regulations. However, the sector plays a pivotal role in rebuilding the Tasmanian economy in terms of being an enabler to employment for other sectors/industries, a contributor to early learning for children and provider of the future workforce. So in reality 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. This is despite LGT proposal for funding to deliver in partnership with an external financial advisory firm a program of business continuity support to the sector plus other support mechanisms for the sector.

Politicians and government representatives ask what can we do to help and, in some cases, advised LGT to write or present a proposal? But when a proposals/idea have been put forward there is limited follow up. To put it bluntly - stop asking if not serious!

Solution – Demonstrate to the education and care sector that they are valued and an integral part of the Tasmanian community. That those who work in the sector and provide these essential services are highly valued and needed now more than ever as Tasmania enters recovery stages of the pandemic.

D. Summary

The COVID-19 pandemic has resulted in LGT and indeed other education and care providers struggling to survive as opposed to thrive. Despite the circumstances, LGT believes children, families and all Tasmanian communities have a right to access quality early and middle childhood programs.

It is anticipated that the recovery will not immediate but a slow and measured as businesses reopen and/or re-invent themselves. LGT through past long terms diligent and strategic approaches will survive although the 'surplus for purpose' mandate will be interrupted significantly and reduce to ability to continue with the strong social mandate that support the community more broadly.

For LGT, the Tasmanian Government and the community the challenge is to accelerate economic recovery while ensuring children's well-being and education remains at the forefront.

The impact of the pandemic is in many ways yet to be realised and will have lasting implications for the sector, children, families and those work with them.

As LGT has done for over 80 years, children will be at the forefront of all that they undertake in responding to the impact of the pandemic.

"Children First"