

Hello Principals and Partners,

As the sun sets on 2022, we reflect on what has been one of the most challenging and changing yet rewarding years.

One of our key partnership goals is to communicate and keep you informed of all that we have done, what we have learned and improvements we will implement at TheirCare. This year has been a period of recovery as the world normalises after the impacts (and learning to live with) COVID. We have all had to deal with nation-wide workforce shortages and the floods across large parts of NSW and Victoria have impacted many.

We know that the last term has been very busy for all of you, so rather than do a CEO Forum this term, I have provided a detailed review of the year. There is a lot of information, so I have broken the information into:

- The year in review
- Our community
- Our people
- What we have learned

I encourage you to share this letter with your Business Managers, School Leadership and School Council. We have presented to many school councils this year which has been a great opportunity to reconnect. Please let me know if you would like us to present to your School Council in 2023.

We have so much to look forward to in 2023. The care, feedback and support we receive from our school partners and families remains the reason we remain passionate about what we do. I am looking forward to sharing this optimism with your communities in 2023.

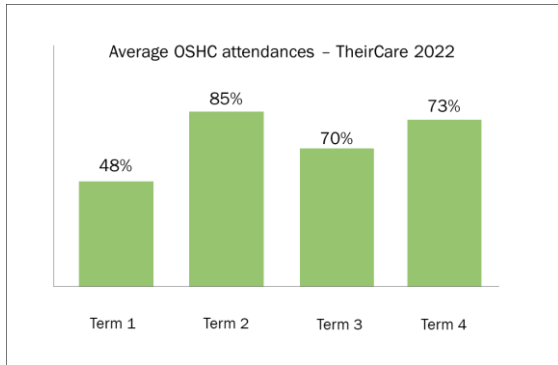
## 2022 in Review

### **In short**

- *Early attendances were below 50% but during the course of the year grew to over 80% of pre-covid numbers*
- *Licence fees have reverted to normal in most partnerships despite lower attendances*
- *Low complaints and strong customer survey results*
- *Resource refresh and launch of new programs to engage children*

### **Attendances**

Much of 2022 felt like a roller coaster. Despite encouraging signs, attendances at the start of the year were very low across the country as COVID cases spiked and some state governments directed people to work from home.



In most locations, attendances were down to less than 50% of normal in February. As has been the case throughout the pandemic, regional schools and WA schools performed more strongly compared to Sydney and Melbourne metropolitan services.

This experience was mirrored across the sector.

As COVID subsided, attendances grew and by the middle of this year, we had reached a peak of 85% (compared to pre-pandemic). Unfortunately, we saw another spike in COVID cases and a return to working from home for many and as such, attendances fell back to around 70% in July and August, before climbing back to over 80% in November.

**Licence Fees (Rent)**

Term 1 was the last time we asked for rent reductions. There are now only a handful of schools where we have made individual requests for longer term rent reviews (based on local conditions). Over 2022, our total rental payments have totalled over 95% despite attendance never reaching over 85% (across all schools).

We still have around a third of our schools operating at or below profit. We expect the continued increase in attendances to remedy this in 2023. We will remain in close contact with any school where there are concerns longer term.

**Customer Feedback**

Our complaint level has always been very low. However, complaint levels reduced over the year as a reflection of child behaviours starting to normalise and our Educators building routines without the disruption of lockdowns.

We are caring for close to 40,000 children per week and averaged less than 6 escalations a week. We have meet our KPIs of responding to all complaints within 24 hours and keeping schools informed.

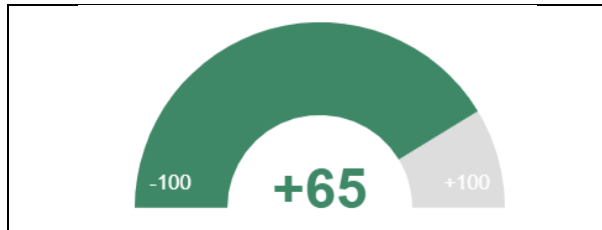
At the start of 2022 we commenced weekly surveys of all our schools. Each week 2 – 3% of families that are registered to use our services are provided an opportunity to respond to a survey to rank our performance on the following key metrics:

<ul style="list-style-type: none"> <li>• Safety</li> <li>• Programming</li> <li>• Resources</li> </ul>	<ul style="list-style-type: none"> <li>• Educators</li> <li>• Communication</li> <li>• Food</li> </ul>
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Families that respond provided us with the ability to track our performance by school and region on a weekly basis. Any negative comments are followed up by an Area Manager to ensure we are

building a deeper understanding of challenges, in the rare occasions when a negative rating was received.

The responses create an overall rating (also called a Net Promoter Score). The Net Promoter Score indicates the likelihood of a family recommending us to others.



Any score above 0 is seen as positive and 20 and above is seen as good. Above 50 is an excellent rating. Our average rating for the entire year has been above 60 and finished last term at a high of 65.

In combination with the supervision of our Area Managers (and Operations Team), Customer Care Team managing feedback, input directly from schools and survey results, our goal is to build 360 degree visibility of performance so we can invest in quality outcomes.

### **Programming**

We know that fun and engaging programming is the best way to manage child behaviours and give them a great experience. Our investment in this space has continued in 2022 and included:

- Holiday program development
- Record resource refresh
- Introduction of the 'Fun Universe' which enables our teams to contribute programming ideas that are shared amongst all our Educators
- TC Titans

Our Holiday Programs have been extensively used by families this year. The work that our Programming Team has invested to deliver four activities per day and an increased breadth of incursions and excursions, has been extraordinary. During the winter holiday programs, up to 25% of all incursions and excursions were impacted when provider organisations had staff shortages driven by COVID and the Flu. Our team ensured that in every single instance an alternative was found and implemented in time for the children to have an equivalent and fun experience. The hard work by the team behind the scenes means the children got the most out of their holiday fun.



We are constantly looking at new ideas to extend our programming. We are trialling a range of new resources to enable children to have the best experience in our care. An example of this trial is the Nudel Kart. This innovative Australian product encourages collaborative play and imagination of all children. Made from robust materials, each unit represents an investment of over \$5,000.

If our trial of Nudel Kart is successful, we will start to rollout these products in both our Toy Library and services. We would also be happy to share this resource with schools to be used during school time.

During this year, TheirCare has made a significant investment in our new coaching program called TC Titans. The Titans program was trialed in 20 schools in terms 3 and 4 and will now be extended to an over 60 schools in term 1 2023. It is our intention to provide an opportunity for all schools to have access to TC Titans for at least part of the year in 2023.

The programs are NO extra cost to families and are rolled out by specially trained team members, who are not in ratio. Programs trialed so far include soccer, basketball, dance and cooking and we will be expanding this further.

Each child is provided with documented tracking of their performance and at the end of the 5-week program they receive a certificate, and it culminates in a performance or game. A number of families attended our dance performances and final games.



We have learned that 5 weeks per term is the right duration to keep child engagement high and to build variety. It also allows us to extend the program to more schools.

We also learned that the program is best suited to after school care. The morning programs found children turning up too late to experience the full program and was often interrupted by breakfast.

### Compliance

We have finished the year by maintaining our record that every one of our services that has been rated (by the regulator) is at a meeting or exceeding level. Our goal in 2023 is to have over 20% of services rated at exceeding – more than double the industry average.

## Our Community

### In short

- *Spirit of philanthropy with material donations to a range of worthy causes*
- *Involvement in your communities*
- *Support of families in need*
- *Launch of **WeCare***

One of the key building blocks of our delivery has always been to contribute to the communities that we serve. This year we passed our fifth year of operation and as we reflected on what has driven us, we all felt an overwhelming sense of community.

As you know, our contribution to community goes beyond our primary service delivery and licence fees and includes support of your important events. As we emerge from COVID we have appreciated being able to be at more present this year.

We have continued to offer Medallion Club tickets to our school communities. We have reports of thousands of dollars being raised in raffles or incentives for your communities! We have locked in membership tickets to the Fremantle and West Coast Eagles games for our Perth schools in 2023 and are looking for similar relationship for our NSW schools as well.

We know that many families have experienced hardship this year and we have had a record number of requests from schools to provide free childcare for families in need, food support and in some cases donations. We offered close to \$100,000 in free care during 2022.

Our giving has continued with our ongoing sponsorship of the Les Twentyman Foundation, now into a third year. This year we have also supported White Lion, who make a commitment to vulnerable, high risk young people with the aim of reducing disengagement and increasing pathways to work.

We also made the decision that for this year's Christmas gift to schools that we would make a donation of \$10,000 to Edmund Rice Camps on behalf of our school partnerships. Edmund Rice is a charity operating in Victoria, NSW and WA that supports children and families who have experienced trauma and adversity to attend camps. I have attached a certificate of appreciation from Edmund Rice and look forward to sharing how the money was invested by them.

In term 4, we combined our goal of engaging children and our desire to support communities by testing a new program called WeCare. This charity program is designed around community at the school. *TheirCare* will be donating money every term based on children at our service demonstrating positive behaviours and reaching targets. This reinforces positive behaviours that are important to each participating school, whilst encouraging community and a sense of giving. All charities will be chosen based on the input from our local schools and children.

We trialed this program in 12 schools and were so overwhelmed with the positive reaction that we will be rolling this out to all our services in 2023.



**It is a lofty ambition, but we want TheirCare to make communities better. Better care, more fun, more contribution and more support to those who need it the most.**

## Our People and our Values

### **In short:**

- *Sector and whole economy workforce shortage*
- *Recruit, train, support, remunerate and mentor as primary focuses of our approach*
- *Not immune from challenges but industry leading results and keeping your services open*
- *TheirCare contributing our voice to decision makers to be part of the solution*
- *Our people values – **Caring, Engaged and Open***

We started 2022 by reminding ourselves that it was time to be optimistic. It is hard to avoid the negativity and the reality of a workforce crisis that sees job shortages in the thousands. We know many of our school partners have experienced these same challenges.

The childcare sector (and OSHC sector specifically) has traditionally had a very transient workforce with turnover in excess of 60% per annum. After COVID, some reports of industry wide turnover far exceeded this figure. Prior to COVID, TheirCare had less than 10% turnover a year. This has increased during COVID but still sits at less than 30% (less than half of the pre-COVID industry experience).

We do not underestimate the impact of staff instability when it does occur, but we do have much to be proud of despite these headwinds. We have maintained our ability to keep our services open and meet demand as it slowly returns, whilst many providers have had to close sessions or cap attendance numbers. To do this we have proactively recruited to fill gaps or growth in demand at a cost that is around 7 times higher than anytime prior to the pandemic.

We have created over 70 traineeships (under a Commonwealth program) and continue to build our teams from within, through our dedicated training team and Coordinator development programs.

Employment Awards covering our Educators were increased in 2022 by close to 5%. TheirCare continues to pay our team over award conditions, an annual investment reaching over \$1.6m.

We have given away two trips to Fiji this year as a recruitment and retention incentive.



**Bella was one of our lucky winners of a trip to Fiji**



We maintained the industry leading number of Area Managers per services, to support our Educators and ensure:

1. increased support to all our team members and schools to build stability, and
2. additional senior resources in the field to step in and cover short- and medium-term gaps.

We continue to encourage feedback from all our teams to deliver them the best employment experience and conditions to stay with you longer.

We have provided free mental health support to a record number of educators. This investment continues even if the team member ceases employment with us.

We know there are some schools and communities where the goal of continuity has been more challenging. We have always ensured high quality team members are available to step in to provide care and our goal is always to keep open and honest communication so that you can see the actions we are taking to deliver the right outcome.

We have seen greater stability toward the end of this year and our job responses are trending up in December, which we hope is an encouraging sign for 2023.

TheirCare has continued to be a leading voice in the sector and has been a contributor at both a state and federal minister level to explore ways of building pathways for new people to enter our sector.

Our teams have worked harder in 2022 than ever. I am incredibly thankful for the ability of our Coordinators and Area Managers to face the pressures and to be proactive and engaged to deliver for your communities.

We take feedback from our people and our schools seriously. Intention is important and if someone has made a mistake we will coach, and performance manage the team member to encourage the strongest performance but we do expect high quality results.

## What we learned from 2022?

We are always touched by the positive feedback we receive from Schools. One of our Principals recently told me that her school had an increase in enrolments because of TheirCare. We also do not shy away from our challenges or where we have failed to live up to expectations, which I am pleased to say are very few in number.

However, we always encourage openness and work on the principle that you only lose if you don't learn.

We sometimes took for granted what it was to be a 'TheirCare Person'! It hasn't happened regularly, but we did have some staff struggling to readjust after the events of 2020 and 2021 and we realised we need to do more to define what our expectations were.

As a result, we worked with our teams to articulate our expectations so that every employee understood what it means to living our values. **We exist to enrich communities.** And our behaviour is **caring, engaged and open.**

We know that stability of workforce is critical to consistent outcomes and this year we focused on ensuring we always had staff available to meet demand. We did not have to close or cap services like most did during the year. But we know that the consequence of that was often shuffling staff for short periods to other schools as they covered a gap (predominantly because of COVID).

For the last month, we have had virtually no temporary agency staff and we are building the stability back in services. We are not through the crisis yet, but we continue to invest against the headwinds.

The events of the last few years have reminded me of the importance of working together, being honest about challenges and not giving up until you get a result. I hope our school partners see the hard work. The amount of effort put in by my team members is so appreciated.

The cost-of-living increases have already had an impact in 2022 and we will see this strain continue in 2023. We have demonstrated throughout the last 6 years that fee increases will always be kept to a minimum. We had a price increase this year in line with inflation and will be looking at using the same methodology in July 2023. For families, the impact is minimised with the increase in childcare subsidy in July. So, whilst inflation is predicted to pass 8%, the impact on families will be less than any fee increase proposed. In some states, prices are regulated centrally. For states like Victoria and WA we will reach out in term 1 with our recommendations so there is ample time before implementation.

We are appreciative of your support, input and advocacy. Next year we will send a survey to see how you would like to receive feedback in the future, whether that be by letter, CEO Forum, phone catch up or video material.

I remain available on 0412 877 460 ([michaela@theircare.com.au](mailto:michaela@theircare.com.au)) if you ever want to discuss any issues and you will always receive visibility from our awesome team of Area Managers who are lead by the passionate team of Operations Managers including Sonia, Vicki, Haydn and Tash.



I look forward to future connection in 2023 after everyone has had a well-deserved break. Keep safe. Have a safe and happy Christmas break!

With regards,



Michael



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