

## Community Child Care Association Submission 29 January 2016

### Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015 Senate Inquiry

*Community Child Care Association (CCC) is the peak body for community owned and not for profit early and middle childhood education and care services in Victoria. CCC is the Victorian peak body for Outside School Hours Care Services and the Victorian branch of National Out of School Hours Association (NOSHSA). CCC is also the Victorian Branch of the national peak body for community managed and not for profit children's services, Australian Community Children's Services (ACCS).*

CCC welcomes the opportunity to provide a submission to the Senate Standing Committees on Education and Employment about the provisions of the Jobs for Families Child Care Package Bill 2015.

CCC welcomes an overhaul of how education and care services are funded in Australia. This is a chance for a new system – one that is simpler, maintains flexibility for families, increases access for children experiencing vulnerability and disadvantage, supports increased workforce participation and provides access to quality early learning experiences for children. While combining CCB and CCR into one payment is an important step towards reducing complexity, several components of the new Child Care Assistance Package add to the complexity. The package and this Bill miss the opportunity Australia now has to create a robust, equitable and simple system. CCC urges the Committee to recommend redrafting of the legislation to ensure:

- We achieve a less complex system of funding education and care in Australia
- All children have subsidised access to **education** and care, of up to 2 full days per week, regardless of whether their family meets any activity test
- There are no barriers for children and families experiencing vulnerability and disadvantage to participation in education and care.

This Bill cannot be considered in isolation from the whole Child Care Package. CCC offers the following feedback and recommendations in response to the *Jobs for Families Child Care Package Bill* and in response to the accompanying *Regulatory Impact Statement – Jobs for Families Package November 2015*.

#### Child Care Subsidy

The proposal to streamline CCB and CCR into one single subsidy paid directly to services is sensible and welcome. CCC believes that the provision of this subsidy is an important and effective workforce

participation strategy and it is also important to acknowledge the role it plays in early [and middle] childhood education.

**Recommendation:**

Change the name of the subsidy to **Education and Care Subsidy (ECS)**, to reflect the language of the National Quality Framework.

**Activity Test - Removal of universal access to 2 days per week of subsidised education and care**

Currently all children can access 2 full days per week (up to 24 hours) of subsidised education and care regardless of whether their family meets an activity test. The proposed changes remove this universal access to education and care and take Australia backwards in the early [and middle] childhood policy arena.

- Families with an income over \$65,710 where one parent does not meet an activity test will no longer receive any subsidy.
- Families with an income of less than \$65,710 will have their access cut in half from 2 days per week to 1 day per week.

This will mean some children will be excluded from early learning environments before preschool and children in vulnerable circumstances will have their access halved. This is despite evidence that:

- The period from birth to 3 years is the most significant for brain development and lays down lifelong foundations for children’s wellbeing, learning and development across all domains
- All children benefit from quality early learning environments
- Participation in quality early learning environments is a significant protective factor for at risk children and children from vulnerable backgrounds
- Universal provision of education and care is by far the most effective way to ensure participation of children in vulnerable situations
- Investment in early education also provides long term economic benefits not just for families but for communities and nations.

The impact of these change on the wellbeing of many children and their learning and developmental outcomes must not be ignored. It is of great concern that a ‘No Change’ option for this was not presented as part of the June 2015 Child Care Assistance Package RIS, and that the impact of these changes has not been fully investigated or costed by the government.

These changes will mean that children in vulnerable circumstances will only be able to attend a service one day per week. Attending one day per week does not allow children to form strong connections with educators and other children in the group. Secure relationships are essential for children’s wellbeing and underpin all other learning.

Currently long day care services usually offer families a daily booking, with children able to attend any hours that suit the family within the opening hours of the centre. This booking and charging

structure allows the service to provide maximum flexibility for all families and ensures that operating costs are covered to enable the service to open for extended hours.

It has been suggested that children could still attend services on 2 days per week if services adjust their booking practices and charge for 6 hour sessions instead of whole days. This is not likely to happen as services still have to cover the same operational costs and will need to continue to charge a full day rate to remain viable. Families who are only eligible for 12 hours subsidy per week will either not attend services because they are unaffordable or they will reduce their bookings to one day per week, which is clearly not in the best interests of the child and family.

If services were to change their booking practice to allow for 6 hour sessions they would need to increase fees significantly to cover their budget shortfall. This would make child care less affordable for all families, exclude those who could not afford the increase completely and potentially lead to closures for services in some areas. It would create a 2 tier system that stigmatises low income families and does not allow them the same level of flexibility and family support that other families can access.

**Recommendation:**

Provide all families with access to 2 full days (up to 24 hours per week) subsidy regardless of whether they meet an activity test.

### Activity Test – Stepped Approach

CCC believes the three step activity test in this legislation is problematic.

It will add complexity for families, services and government – the exact opposite of what the government intended to do through this whole process of review that began in 2012 with the Productivity Commission Inquiry.

There are significant issues with the proposed stepped hours of eligibility for families whose activity varies from week to week. It is essential that casual employees and people who juggle a mix of part time and other work, are able to maintain their child care bookings and that their subsidy does not vary from week to week. The proposal to allow families to provide a fortnightly average over a 3 month period, will still mean that families have a possibility of incurring a child care debt and may not be able to maximise their workforce participation due to a lack of child care.

Step 1 of the activity test does not allow enough hours subsidy per fortnight to ensure that children can attend for 2 days per week. Attending a service a day per week does not allow children to feel safe and secure in the setting, a precursor for all early learning.

**Recommendations:**

- Simplify the stepped activity test. Provide all families with access to 4 full days (up to 48 hours) subsidy per fortnight and provide families that are engaged in more than 16 ‘hours of activity’ with access to a maximum of 100 hours of subsidy per fortnight. The reality is families only use the child care they need; the 3 step activity test just adds unnecessary complexity.
- If the government progresses the 3 step activity test
  - Set Step 1 minimum hours at up to 4 full days (or 48 hours) per fortnight
  - For families with variable hours of work, base hours of activity on number of hours **available** for work and approve for blocks of 6 months (with provision for an increase in eligible hours to be approved upon request of family during this period)

**Activity Test – Definition of Voluntary Work**

CCC supports a definition of voluntary work that is at least as broad as is currently in place and does not support any attempts to link voluntary work only with job seeking activity.

All voluntary work including at schools should be seen as recognised activity. The contribution of families in schools and other community settings is a valued contribution to the social capital of local communities and needs to be further encouraged and supported.

**Recommendation:**

Maintain a broad definition of voluntary work that acknowledges the important contribution to our social capital of voluntary work that is not related to job seeking.

**Activity Test – Exemptions**

CCC welcomes the activity test exemption of grandparents who are primary carers of a grandchild.

CCC believes that the exemptions to the activity test should be expanded to include all families who are dealing with multiple layers of disadvantage.

Participation in education and care settings, including outside school hours care services, has a strong protective factor for children and often provides a soft entry point for families who need a range of support. It is essential that we don’t wait for children to be at immediate risk of harm before families receive an appropriate level of support.

We must make sure that the children and families get the benefit of the early intervention and prevention strategies that come with their participation in education and care services. Supporting families access a service for the number of hours per week that they need, can make a significant difference to their ability to cope with and address stressful living situations. The opportunity to

connect and build relationships with other children and adults builds resilience and strengthens families and communities.

**Recommendation:**

Expand exemptions to activity test to include families who are dealing with multiple layers of disadvantage.

### Priority of Access (POA) requirements

Changing the POA guidelines to focus only on children at risk of serious abuse or neglect and children whose parents are working will result in reduced access for children and families in disadvantaged or vulnerable situations. This is not in the national interest.

CCC believes the existing priorities should be retained including the requirement that services give priority within each level to:

- Aboriginal and Torres Strait Islander families
- Families with a person with a disability
- Families who are on the maximum rate of CCB or who (or whose partner) is in receipt of income support
- Families from a non-English speaking background
- Single parent families
- Socially isolated families

The great strength of Priority of Access is that it ensures that families get places on the basis of **need**. This principle should be maintained and strengthened by the provision of additional guidance to services about how to effectively use the POA guidelines.

**Recommendations:**

- Maintain requirement for services to give priority to families in disadvantaged and vulnerable situations
- Change the terminology from guidelines to criteria to encourage a more universal application by services
- Provide more specific guidance to services on how to effectively use POA to ensure that all places are allocated on the basis of need
- Include POA in service compliance audits.

### Operating requirements – weeks, days, hours

Removing the requirement for services to operate 5 days per week and at least 8 hours per day could potentially decrease availability and flexibility for families. There is a risk that some services would opt to maximise their profits at the expense of meeting family and community needs.

CCC agrees that where family and communities circumstances mean that there is no or little demand for child care at particular times exemptions should be allowed. As well as rural and remote locations this may apply in some unique settings such as services operating on a university campus.

**Recommendation:**

Retain current hours, and days per week operating requirements but allow for exemptions, for rural and remote communities and in special circumstances

### Additional Child Care Subsidy

The current process of applying for Special Child Care Benefit (SCCB) is one of the major problems with the existing system. It is desperately in need of simplification to ensure there are no barriers to participation for children in vulnerable situations and families facing multiple layers of disadvantage.

We need a system that recognises that children are often ‘at risk’ for long periods of time, indeed intergenerational in some cases. Unless we provide adequate funds and priority of access for at risk and children in vulnerable and disadvantaged situations we will continue to bear the short and long term financial costs of out of home care, poor educational outcomes, and costly interventions and remediation all of which are more expensive and less effective than prevention and protection that quality early and middle childhood education and care services can provide. Including children at risk is complex work and needs a long term ongoing funding model that covers the **full cost** of participation.

CCC favours a general broader national definition of ‘at risk’ that looks at vulnerability factors impacting on families. The risk factors identified by COAG’s National Framework for Protecting Australia’s Children could be used by the Department as part of a broader definition (*Protecting Children is Everyone’s Business National Framework for Protecting Australia’s Children 2009–2020* p. 21).

**Recommendations:**

- Introduce a broad definition of risk that looks at vulnerability factors impacting on children
- Change the subsidy calculation to ensure it covers the full cost of fees
- Ensure subsidies are ongoing and long term to ensure children’s continued participation in education and care until they start school.

### Community Child Care Fund

CCC has strong concerns about the changes to Budget Based Funded Services. CCC believes it is essential that Aboriginal and Torres Strait Islander children are able to access integrated quality early learning and family support services.

**Recommendations:**

CCC supports recommendations proposed by Secretariat of National Aboriginal and Islander Child Care (SNAICC) in response to the June 2015 Child Care Assistance Package RIS including:

- Quarantine a proportion of the Community Child Care Fund for use for Aboriginal and Torres Strait Islander children, in consideration of the Closing the Gap strategy
- Expand the provision for integrated services such as Aboriginal and Torres Strait Islander Child and Family Centres.

While Community Child Care broadly supports the intentions of the Community Child Care Fund, there are still many unknowns. There remains a need to invest in systematic and ongoing planning processes to ensure that the future demand for child care is met and communities with the highest need receive support.

**Recommendations:****Community support in disadvantaged areas:**

- Allocate funding to regions and services based on assessment of need. The use of competitive tendering provides a risk that local control and the opportunity to build capacity in smaller regions will be lost
- Ensure funding is available to not for profit organisations only
- Make sure there is no disruption to services that are functioning effectively under existing funding. Transition these services to the new funding model without the need for competitive tendering
- Include funding for ongoing coordination roles in integrated children and family hubs.

**Sustainability support**

- Provide *ongoing* operational funding in rural and remote and very disadvantaged communities. Some communities will never be able to provide access to education and care for children without viability assistance.

**Capital support**

- Target funding, based on data and needs analysis by the Australian government in consultation with state and local governments
- Ensure funding is available to not for profit organisations only
- Provide capital investment specifically for facilities for outside school hours care services, to ensure there are appropriate outside school hours care facilities on school grounds.

**Access and affordability support**

- Provide higher Child Care Subsidy rate for low incomes families accessing services in high cost areas. CCC agrees that the annual grants mechanism originally proposed in the June 2015 RIS is not an appropriate mechanism to deal with the problem facing low income families in suburbs where there are high costs associated with child care and a large proportion of high income families who can afford these costs. A simple and equitable way to address this would be to increase the subsidy from 85% - 95% for low income families in targeted areas.

## RIS Consultations on the Jobs for Families Child Care Package

CCC would also like to draw the Committee's attention to the inadequacies of the consultation process on the Regulation Impact Statement for the Child Care Assistance Package which was released in June 2015:

- It did not include consultation on the ***impact of removing universal access for every family to 24 hours per week of means tested, subsidised education and care.*** This is a core change and one that will have significant impacts on children and families.
- It did not include consultation on the ***impact of reducing access from 24 hours per to 12 hours per week for families who are exempt from the activity test.*** This is a core change and one that will have significant impacts on children and families.
- It did not include consultation about the ***impact of removing funding for professional support.*** The Professional Support Coordinators (PSC) play an important ongoing role in ensuring that the sector is supported in quality practices. Removal of this funding is a core change that will have significant impacts on children and families. Unlike long day care services that received funding for professional support until 2017 through the LDCPD, outside school hours care, family day care and newly approved long day care services will have no access to subsidised professional support, when the PSC funding ends in June 2016 . This inequity in funding between service types needs to be addressed and long term ongoing professional support funding for all services guaranteed.
- It did not include consultation about the ***fee cap.*** There are concerns that the fee cap is projected so far into the future, that it may not reflect actual costs in mid-2017.
- The structure of the public consultations ***did not allow for participants to provide informed feedback.*** Participants were asked for their opinion about detail that had only been available in the public domain for a short time. The numerous questions were completely unrealistic for the timeframe.