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Committee Secretary
Senate Education and Employment Committees
Email: eec.sen@aph.gov.au

Re: Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015

To the Committee Secretary,

Mission Australia welcomes the opportunity to provide feedback on the Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015.

We welcome the additional investment in quality Early Childhood Education and Care (ECEC) which supports workforce participation. However we are concerned that, under the Bill's provisions, some vulnerable families and children may be worse off where they are unable to meet the activity test and do not meet the requirements of the Child Care Safety Net. Our concerns are set out in more detail below.

Our comments focus on those proposals and recommendations which would primarily affect children who are vulnerable or at risk, as well as disadvantaged families and communities. Mission Australia is concerned that the Bill's provisions may not have the desired effect of facilitating workforce participation for marginal workers and improving early childhood education for vulnerable children.

In particular we think the 24 hours per fortnight proposed in the legislation is inadequate and that it is imperative that this is increased to ensure that vulnerable children have access to at least two days per week of early learning.

About Mission Australia

Mission Australia is a national non-denominational Christian community service organisation that has been helping people towards independence for over 155 years. Mission Australia Early Learning (MAEL) operates 50 childcare centres across Australia. In addition to MAEL, we are also part of Goodstart Early Learning, a not-for-profit consortium made up of Mission Australia, The Benevolent Society, The Brotherhood of St Laurence and Social Ventures Australia. The consortium operates more than 640 former ABC centres nationwide, although Mission Australia has no role in the direct operation of these centres.

Mission Australia also provides kindergarten, before and after school care and integrated service centres, as well as providing early intervention and prevention services in a variety of settings, including the national Communities for Children (CfC) program and other programs for young children and their families such as Brighter Futures in New South Wales. In New South Wales, Mission Australia also provides family day care (FDC).

The impact of the activity test on vulnerable families

The activity test proposed in the Bill means that, for families where one or both parents work less than 8 hours a fortnight, children will only be eligible for 24 hours per fortnight of subsidised care if their combined annual family income is below $65,710. Further, where one or both parents work less than 16 hours per fortnight, children are only eligible for 36 hours of subsidised care. Both situations result in a decrease from the 48 hours per fortnight of subsidy most children are entitled to under the current system regardless of parental work hours.

The proposed means-tested entitlement of 24 hours per fortnight is also less than the 30 hours per fortnight universally guaranteed in the year before school under the National Partnership Agreement on Universal Access to Early Childhood Education.

Depending on childcare billing practices, the proposed means-tested entitlement of 24 hours per fortnight constitutes less than two days per week of subsidised care. Two days per week equates to 40-48 hours per fortnight of full day care. Changes to business models to allow for shorter days will increase hourly costs, making care less affordable.

However, even if childcare centres do change their billing models to accommodate part-days, 12 hours per week remains insufficient to secure a learning outcome for vulnerable children. This has the potential to undermine their early learning and developmental outcomes. After accounting for time taken by activities such as sleeping and eating, there is insufficient time available to address early learning needs and compensate for any challenges in the home learning environment. Also, less than two days of care would create substantial obstacles for parents seeking to transition to work or increase their participation in the workforce, especially allowing for staggered drop off and pick ups.

- Mission Australia recommends that the low-income entitlement is increased, ideally to match the 48 hours per fortnight currently provided.

- Mission Australia recommends that the first step of the activity test is also increased, ideally to match the 48 hours per fortnight currently provided.

Limiting access to the subsidy for those who are unemployed or marginally employed through the activity test could lead to a reduction in ECEC participation by the children who stand to benefit from it the most. The cost of care is a significant factor in parental decision making and this is particularly pertinent for low income families who have fewer financial resources to purchase education and care. Mission Australia's survey of parents (2013/14) showed that price (or cost) was a more significant factor in decisions about reducing ECEC usage for parents living in low socio-economic areas, than for parents in more affluent areas. For people who are unemployed and looking for work, ECEC is completely unaffordable without regular access to a subsidy.

There is significant evidence that children from low socio-economic communities and from jobless families are less engaged with school and perform more poorly on standardised tests than their more advantaged peers. It is also well documented that attendance at quality childcare improves developmental outcomes for children, and that participation in quality ECEC has lasting benefits for children across a range of life domains, including cognitive, emotional and physical wellbeing and that the benefits accrued in childhood remain into adulthood.

For children from disadvantaged backgrounds, a quality early learning curriculum can narrow social inequality and address significant learning barriers in the home. For disadvantaged children, early learning has to start before the age of four to mitigate the risk of starting school behind their more advantaged peers and one day of care per week is insufficient to help them catch up. It is therefore essential that children from disadvantaged families continue to access at least two days of high quality early learning to ensure they are ready for school and have the best start possible.

Importantly, ECEC services also have the capacity for the early identification of children and families with disabilities, additional needs or at risk of harm and can provide referral and linkages with relevant services and supports. We know that the children most likely to be affected by poverty and/or social exclusion are those least likely to use ECEC services. It is crucial that the design of child care subsidies and the associated activity test does not create barriers for these groups to engage in ECEC.

The benefits of ECEC are economic as well as social. Early investment in children's development has demonstrable benefits for Australia's future productivity and growth. Earlier intervention is more cost effective than later intervention for developmental outcomes. These long terms gains should also be reflected in the legislation by providing adequate subsidies where they are needed most.

Children from disadvantaged families need to have access to two days per week of affordable quality early childhood education and care as a minimum. The 12 hours per week proposed is insufficient.

It is also clear that consistent access to ECEC can assist unemployed parents with a return to work and help the marginally employed increase their hours. The new child care assistance package has a strong focus on workforce participation and will provide a subsidy of up to 100 hours where both parents work for more than 49 hours per fortnight. However, where either parent is looking for work, is looking to increase their work, is working variable hours or is in casual employment, the proposed activity test may have adverse consequences including:

- Families may drop in and out of eligibility for subsidy depending on what work is offered;
- Families may move up and down the activity test depending on how many hours they are offered, meaning they have inadequate subsidy to cover their childcare costs in some fortnights; and
- For families eligible for the low-income safety-net, two six hour sessions per week will not provide enough flexibility to look for work or take on additional shifts.

The activity test also appears to be duplicating and complicating the mutual obligation and participation measures built into the welfare system. People accessing income support, including Newstart Allowance and Youth Allowance, are already required to meet stringent activity obligations. The welfare system recognises that those with the highest need should have less participation requirements. The Government will need to ensure that the activity test does not place an additional burden on vulnerable families who need quality early education and whose workforce participation is already monitored and incentivised through the welfare system.

Two days per week of subsidised care will provide more scope for parents returning to work and help the marginally employed increase their hours. A reduction in the hours of subsidised care may impede transitions into the workforce.

Flexibility in meeting the activity test

Currently, many ECEC providers require a regular ongoing commitment to a number of hours or days of care. However, casual workers, part-time workers and people on short term contracts may find themselves unable to be confident they would meet the required participation tests to access a subsidy and so decide to withdraw or not to enrol their child. If they have committed to ECEC, they may be left

to pay 100 per cent of the cost if they fall below the work requirements. Parents who end up in debt due to unpredictable hours and the impact of averaging may be reluctant to keep their children in care.

The methodology for averaging hours for casual and part-time workers and the administrative burden imposed should be carefully considered, so the early learning of their children is not disrupted and parents are able to take shifts when offered with the support of quality childcare. Further, the subsidised hours allocated under the low-income safety net should apply for the full financial year, to avoid sudden reductions in care due to an unexpected increase in income. Alternatively, an adequate transition period should be provided to enable families to adjust their circumstances before access to subsidy is cut to zero.

We also support the broadest definition of volunteering being enshrined in legislation, to allow as many opportunities as possible for both parents to meet the activity test. Voluntary work should also be able to be combined with any other type of approved activity such as work, study and job searches to meet the various steps of the activity test.

- Mission Australia recommends that the activity test includes transitional provisions so families do not experience sudden reductions in their access to subsidy.
- Mission Australia recommends adopting the broadest definition of volunteering for the purpose of meeting the activity test.

The Child Care Safety Net - Children at risk of serious abuse or neglect

Mission Australia welcomes the provision of additional support to disadvantaged families under the Child Care Safety Net. A subsidy equal to the actual fee (up to 120% of the hourly fee cap) for children at risk of abuse or neglect is a valuable protection.

However, the definition of “children at risk of serious abuse or neglect” in relation to the additional child care subsidy is still being developed and we remain concerned about how this may be implemented.

If the definition is limited to a requirement for families to be in contact with child protection services in order to qualify for additional support, this would stigmatise families who need assistance. Also, as the child protection system is operated by State governments, it would likely be administratively complex to receive approvals for a child to access a Commonwealth rebate.

State based child protection agencies are already overwhelmed and may not have capacity for these assessments. There are also complex interactions with mandatory reporting regimes. This is a blunt instrument which is unlikely to serve its purpose.

We recommend that a broader range of organisations to be able to sign off on children “at risk” determinations for the purpose of the additional child care subsidy. This includes staff or managers of early learning centres and other early intervention programs. The level of evidence required should be flexible and rely on their professional judgement so as not to create unnecessary barriers to vulnerable children’s attendance at childcare.

The families of children at risk of abuse or neglect may already face barriers interacting with services. These families are typically characterised by disorganisation or periods of chaos impacting on their ability to maintain records and provide timely evidence. There may also be a reluctance to interact with government authorities based on past experience or circumstances including fear of child removal, shame around mental health issues or controlling or abusive behaviour from a spouse or family member.

Further, the requirement for service providers to seek approval for children at risk at 6 rather than 13 weeks places an additional burden on service providers. Anecdotally, an extension of support has been difficult to achieve, making it less likely that these children will have access to the support they require.

Children will no longer be eligible for the "at risk" criterion once the risk is seen to pass. However, we know these vulnerable children are likely to need long-term early intervention support. Arbitrary time limits should not be imposed on support and instead assessments should be made based on the child's needs by appropriate professionals.

The best interests of the child need to remain at the centre of decision making for vulnerable children, not bureaucratic requirements.

Focussing on risk of serious abuse or neglect also disregards other disadvantaged families for whom childcare would provide much needed support to both the children and the parents. This includes:

- families experiencing, or at risk of, homelessness
- families where a parent is subject to imprisonment
- families where there are issues of long-term or episodic mental illness, ongoing or intermittent physical health issues or substance abuse requiring treatment
- children who have recently arrived via refugee and humanitarian programs
- children in kinship and foster care
- children recently reunited with their family, and
- children exposed to domestic and family violence.

Mission Australia believes all these groups should be considered for a higher level of assistance under the Additional Child Care subsidy.

- Mission Australia recommends that the Additional Child Care Subsidy design and implementation be reviewed to ensure it is reducing barriers to children at risk of abuse or neglect and other disadvantaged children from accessing early learning.

Aboriginal and Torres Strait Islander children

We must improve access and affordability to early childhood education and care for Aboriginal and Torres Strait Islander Children. Increasing the barriers to access is unacceptable.

We echo the concerns of the Secretariat National Aboriginal and Islander Child Care (SNAICC) that vulnerable Indigenous children may miss out on critical early learning with fewer subsidised hours, less funding flexibility and no stable long term funding. In particular, we are concerned about the abolition of the budget-based funding model that was designed for areas where a user-pay model was not feasible. We join with SNAICC in advocating for a $100 million Indigenous community-based program designed to support Indigenous services for populations experiencing significant vulnerability.

Indigenous children in all areas should be given adequate access to early childcare to bridge the gap in learning prior to the commencement of school. Providing a minimum of two full days of ECEC would also improve access for Aboriginal and Torres Strait Islander children, compared to the proposal for only 12 hours of subsidised care per week where families do not meet the activity test.

We are concerned that under the provisions of the Bill, Aboriginal and Torres Strait Islander children will have less subsidised hours of care, families will face higher costs and ECEC centres catering for Aboriginal and Torres Strait Islander communities will face viability issues.

- Mission Australia recommends that the reforms do not result in Aboriginal and Torres Strait Islander children facing increased fees or reduced access to early learning and care.

Family Day Care

The hourly fee cap of $10.70 for family day care is likely to make non-standard hours care such as that used by shift workers and part-time care unaffordable and disincentivise its use. This will impact adversely on groups such as nurses, police, paramedics, defence workers, students and those working part-time.

Forty per cent of families enrolled through Mission Australia's Liverpool Family Day Care service use outside core hours care. For many of these families, centre based care is not a feasible option where they work weekends or finish after 7pm. Further, the proposed activity test will impact on families' ability to access family day care, including children currently benefiting from quality education and care whose non-working parent has alcohol and drug, mental health or other issues and where the child receives significant benefits from ECEC.

We would also support the inclusion of family day care in all elements of the Community Child Care Fund. We support the focus of the Community Child Care Fund on reducing barriers to child care for disadvantaged and vulnerable families. Excluding family day care from access to the fund would reduce its capacity to reach a broad range of families. The family day care services provided by Mission Australia are operated in disadvantaged communities including West and South West Sydney, where we are also the facilitating partner for Communities for Children.

While we fully support the need for oversight to ensure that family day care providers meet safety and quality standards, the approach taken to compliance in the draft legislation is overly restrictive. Many reputable family day care providers have already collapsed due to viability pressures, while other private providers are providing inadequate support and supervision to carers.

Families should continue to have the choice of affordable high quality family day care. For many children, learning in small groups is advantageous. Further, family day care providers can provide education and care in a child's first language and assist parents who lack fluent English skills, providing a desirable alternative for many families in multicultural areas such as South West Sydney.

- Mission Australia recommends the family day care fee cap will need to be adjusted upwards for non-standard hours care.

- Mission Australia recommends that family day care services be recognised as eligible to receive funding under the Community Child Care Fund.

Complexity and Confusion

There is a risk that, if the Bill's provisions are implemented without amendment, the system may be very confusing to navigate for some parents. Mechanisms are required to support people to understand the changes and to help vulnerable families to gain access to adequate early learning for their children. Without more information, the system may be unpredictable for families who may withdraw their

children from childcare rather than risk escalating costs. Preferably the system would be simplified, but with current complexities there at least needs to be a way to bridge the information gap.

Addressing complexity is one of the aims of the reforms, however the difficulties noted under the current system in terms of families having difficulty planning and budgeting will only be exacerbated unless amendments are made to smooth transitions for families and to maintain access for children. This is particularly true for families with fluctuating and unpredictable incomes and working hours. The benefits of increasing workforce participation may be outweighed where there is too much uncertainty, with subsequent impacts on early learning participation and outcomes for children. Some families may not receive the assistance they are entitled to and others may be left paying more than they planned.

Service providers are the interface with clients and will need to provide information to clients on these changes and on the implementation of the new system, adding to their resourcing burden. The Government should assist service providers to disseminate appropriate information to current and prospective families about the impact of the changes and the operation of the tiered subsidy. Accessible information also needs to be provided to linguistically diverse groups such as new migrants who are also likely to be particularly impacted by the activity test if they have unpredictable working hours.

- Mission Australia recommends that the Government ensure the reporting requirements are as simple as possible and that a comprehensive communications package supports the reforms.

Much of the detail has been left to Ministerial determinations and it is essential that there is consultation with the sector to ensure the reforms are workable for families and do not disadvantage vulnerable children.

Kind regards,



Catherine Yeomans
CEO
Mission Australia