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**SUBMISSION TO SENATE EDUCATION AND EMPLOYMENT LEGISLATION
COMMITTEE ON FAMILY ASSISTANCE LEGISLATION AMENDMENT (CHEAPER
CHILD CARE) BILL 2022 [PROVISIONS]**

21 October 2022

via email to eec.sen@aph.gov.au

Australian Community Children's Services (ACCS) is pleased to present the following submission to the Senate Education and Employment Legislation Committee into the provisions of the Family Assistance Legislation (Cheaper Child Care) Bill 2022.

ACCS represents Australia's not-for-profit community owned children's services and those who support the right of children to access these services. ACCS builds on the strong history of the National Association of Community Based Children's Services (NACBCS) Est 1982.

Community children's services are operated as social enterprises, delivering high quality financially viable services which deliver public infrastructure for the long term; they are operated by a range of not-for-profit providers including local government, churches, educational institutions, parent associations/co-operatives and other non-government organisations.

They include centre based early childhood education and care (long day care/ kindergarten/ preschool) and occasional care, outside school hours care, and home-based care such as family day care and in-home care. Community children's services include emerging models of integrated child and family centres, and flexible innovative models for rural communities and for children and families with additional needs.

These services foster children's development, support their families and build the community.

Your faithfully

Carrie Johnson
Convenor ACCS SA

Australian Community Children's Services (ACCS) supports the recognition of the importance of the early childhood education and care sector by the current government, and welcomes conversations and policies to provide increased accessibility to quality education and care, especially for families experiencing vulnerability. As an organisation we have advocated for this for 40 years.

In reference to the language of 'cheaper childcare' – we recognise that this was a policy the Federal Government used during the 2022 election process, and understand the fundamental purpose was to relieve cost-of-living pressures for families. However, an unintended and unfortunate consequence of this choice of language is the undervaluing of the role high quality education and care plays in the long-term education and developmental outcomes of our youngest citizens.

'Cheaper childcare' does nothing to improve the wider community's understanding of this important role and the professionalism of early childhood teachers and educators. I commend Early Childhood Australia's (ECA) ["How to talk about early childhood education and care."](#) document for more information on language that promotes the ECEC profession in a positive manner.

ACCS welcomes and supports the amendment in Schedule 3 which removes the activity test supporting a base level of 36 subsidised hours of childcare per fortnight for First Nations children. This will remove barriers to access, reduce vulnerability and improve developmental outcomes for First Nations children and families.

ACCS further supports an extension of Schedule 3 to provide all children and families experiencing vulnerability, not just First Nations children, with at least two days per week (up to 48 hours per fortnight) of fully subsidised access. This should be made available to families without requiring them to apply through the Additional Child Care Subsidy processes. (Ref: pg 11 [ACCS Policy Platform for the 2021 or 2022 Federal Election](#)).

To further address the cost-of-living pressures for families, and support increased workforce participation, ACCS recommends that Schedule 1 be extended to provide the multiple child rate for Child Care Subsidy to families with children up to 12 years of age who are attending childcare and/or Out of School Hours Care.

ACCS acknowledges that providing increased access to quality education and care through the proposed amendments risks exacerbating the current workforce pressures in the sector. These workforce pressures cannot necessarily be easily resolved by an increased migration policy, given the complex nature of the work and the qualifications necessary for employment, including literacy skills to meet documentation requirements.

ACCS is concerned that requiring electronic payment of gap fees (Schedule 4, Part 2) could have unintended consequences for families by creating another barrier to access and, potentially, contributing to unnecessary financial stress.

In low-income areas, cash can be the preferred form of payment of fees due to families' limited computer literacy and/or access. In rural and remote areas unreliable internet access also impedes electronic payment of fees. The fees associated with dishonored payments by third party software providers and banks if there are insufficient funds in an account will contribute to further financial stress.

ACCS acknowledges that the proposed Schedule 5 amendment allowing service providers to offer fee discounts to their employees would support educators with cost-of-living expenses and, additionally, provide a tool for services to attract and retain educators.

However, providing discounts to the workforce has direct financial implications for services' budgets and could be extremely costly depending on the number of educators this applies to in any financial year. For small stand-alone services, the impact on revenue could be significant and unsustainable.

While larger providers operate with profit margins that make fee discounting an option, smaller not-for-profit services have very limited capacity to cover the discounted fees within their already tight budgets. The likely result would be an increased fee schedule for all families, potentially creating further financial stress in the wider community.

ACCS recommends changes to the current salary sacrificing rules to support educators to salary sacrifice their childcare fees after Child Care Subsidy (CCS) has been applied. This will provide cost of living relief to educators without impacting on the services revenue or result in higher fees for families. <https://finance.csu.edu.au/forms/options-for-childcare-payments.pdf>

Australian Community Children's Services supports the proposed measures for increased transparency and compliance to reduce fraudulent behaviour within the broader early childhood education and sector.

These measures would support Article 13(1) of the ICESCR the right of everyone to education, the results the Australian Early Development Census will reflect the increased access of vulnerable children by reducing financial barriers to families.