



30 September 2019

Inquiry into the Family Assistance Legislation Amendment (Building on the Child Care Package) Bill 2019

#BestStartInLife



Contents

Introduction	3
Response to Proposed Amendments	4
Enhancing the benefits of the Child Care Subsidy: Affordability & why our most vulnerable children need support	6

Introduction

As the national peak body in the Australian Early Childhood Education and Care (ECEC) sector, the Australian Childcare Alliance (ACA) represents more than 2,500 members and approximately 360,000 families throughout Australia.

We work on behalf of early learning (centre based, long day care) service owners and operators, predominantly private, as a reputable source of evidence-based advice to policy makers and a trusted source of practical guidance to service operators.

Our vision is a future where **every child in Australia** has access to high quality, affordable and sustainable early learning services.

The benefits of high quality ECEC are now well recognised and acknowledged locally and globally across the education sector. There is an abundance of evidence¹ from studies in Australia and internationally, demonstrating the significant advantages children gain from attending quality ECEC services, which in turn flow on to their family and the wider community.

Children who enjoy quality early learning are likely to be well socialised, confident, inquisitive about the world, accepting of diversity, resilient to manage challenges and also to be life-long learners.

ACA welcomes the opportunity to contribute to the ***Inquiry into the Family Assistance Legislation Amendment (Building on the Child Care Package) Bill 2019***. ACA has been an active participant over the last six years in both informing the significant changes to the funding arrangements for families and providing feedback throughout the implementation of the Jobs for Families Package as a representative on the Department of Education's Implementation and Transition Reference Group (ITRG).

ACA members have welcomed the opportunity to provide open and direct feedback to the government, both directly and through the ITRG. This has allowed for the many and varied unintended consequences of this significant legislative change, which have affected a large number of stakeholders, to be addressed and resolved as quickly as possible.

The proposed changes that the amendments bring to the Family Assistance Legislation are a positive step to improving some of the issues identified through the first twelve months of the Child Care Package. However there remains a bigger opportunity to build on and enhance the benefits of the Child Care Subsidy in the context of ensuring that **every child in Australia** has access to high quality, affordable and sustainable early learning services, and therefore the **best start in life**.

Paul Mondo
ACA President



¹ Academic Research: The benefits of early learning and a play-based environment - <http://beststartinlife.org.au/wp-content/uploads/2019/02/References-Best-Start-In-Life-Academic-research.pdf>

Response to Proposed Amendments

The main changes proposed by the *Family Assistance Legislation Amendment (Building on the Child Care Package) Bill 2019* (the Bill) are aimed at resolving some of the unintended consequences of the original legislation, or allowing the Minister more flexibility to respond to further issues and make changes to the Rules where identified as necessary, to support better outcomes for Australian families.

It is important to note that some of the benefits of changes brought about in this Bill will remain unclear until these Rules are developed. It is therefore vital that the early learning sector is invited to provide input into any Rules to ensure their effectiveness whilst mitigating against the chance of further unintended consequences.

ACA supports the following proposed amendments:

1. **Increasing the number of weeks from 8 to 14 before an enrolment ceases due to non-attendance which will dramatically reduce the administrative burden on families and service providers.**

This will be particularly beneficial for children who only utilise vacation care.

2. **Refining absence provisions which allow the Minister to make rules which support payment of CCS when a child is absent at the beginning or end of their enrolment.**

It is hoped that the Rules, once developed, allow for circumstances beyond a parent's control which can result in CCS not being paid such as illness, public holidays and the sale/transfer of an early learning service, as well as allowing families to provide adequate notice to their service provider.

To further emphasise the need for appropriate change when a service is sold or transferred from one provider to another, a CCS enrolment is deemed to be between a service provider and the family. In practice this means that when a sale/transfer occurs an enrolment ends on the last day the existing provider transfers a service and a new enrolment must be entered into when the new provider takes over. The unintended consequence is that CCS is not paid if the child is ill or on holidays on their last day of scheduled attendance with the original provider or on the first day of scheduled attendance with the new provider.

3. **Remove the 50% limit on the issuing of Additional Child Care Subsidy (ACCS) (Child Wellbeing) certificates.**

This amendment supports better access for our most vulnerable children.

4. **Allowing the Minister to prescribe circumstances where a third party may contribute to meeting the cost of an individual's out of pocket fees without affecting the calculation of CCS.**

ACA believes that this list should adequately consider a range of government and non-government organisations. Whilst this provision seems aimed at ensuring more affordable access to pre-school/kindergarten within centre-based long day care, as a result of varying State Government subsidies for these vital programs, it is also important to ensure that the list adequately covers a range of non-government philanthropic organisations which support many vulnerable and disadvantaged families in accessing minimal or no-cost early learning.

5. **We support the range of amendments which bring In Home Care into the family assistance law as well as the technical amendments making minor corrections.**

However ACA is concerned by **proposed changes to the process for making CCS claims relating to the requirement to provide a TFN and bank account details at the time of application.**

This change, alarmingly, will make an application process which is already administratively burdensome for families, **even more complex and far less flexible.** The unintended consequences of changes to this application process include:

- Adding a barrier to families returning to the workforce whilst trying to navigate a complex application process, potentially resulting in debts with either DHS or service providers. This could be compounded by poor, ill-informed or incorrect advice given by DHS/Centrelink staff.
- Reducing access for families experiencing difficulties resulting in issues accessing the requisite information required to make a claim that cannot be adequately addressed by alternative funding streams.

There must be an adequate safety net for the provision of this information to allow for the CCS claim to be effective. Allowing 28 days is not an unreasonable timeline to allow families to complete the requisite details for an effective application.

Enhancing the benefits of the Child Care Subsidy: Affordability & why our most vulnerable children need support

Whilst the Child Care Subsidy (CCS) has provided significant benefit to a large number of Australian families, there remains a wonderful opportunity to improve the design of the system to ensure **all children** are able to experience the benefits of high quality early learning. ACA draws attention to the following areas for future reform:

1. A Minimum level of subsidised access for all children

Children are missing out on a **minimum level of subsidised access** because their often-struggling families do not meet the activity test, reducing their capacity to afford early learning services. Additionally, the activity test is difficult for all families to navigate and is unnecessarily complex, particularly for those families with varying work hours per fortnight, along with those not proficient in English. The turn around time for families applying for a Customer Reference Number (CRN) and then the CCS can be up to two months.

Furthermore the current base provision of 24 hours per fortnight for low income earners would better support the policies objectives if increased to 36 hours.

ACA recommends that the evaluation being undertaken by the Australian Institute of Family Studies (AIFS) should be used to inform future decisions around providing 36 hours per fortnight of subsidised access to **all children**, subject to the relevant income tests, to support more affordable access to early learning services for all Australian families.

2. Ensuring the currency of the CCS Hourly rate

The CCS is set at an hourly rate and is scheduled to increase annually in line with indexation. However, the indexation rate over the last two years has not kept up with the respective hourly rate increases for educators under the relevant awards, which means the scheduled CCS hourly rate increase does not necessarily keep up with the running costs for early learning service providers. This will result in

affordability issues for families unless the hourly rate is reviewed appropriately to consider the underlying cost drivers for the delivery of quality early learning services. History provides a strong precedent on this issue with the previous subsidy system, the Child Care Benefit (CCB), being devalued every year of its existence because it was only ever increased by indexation.

3. Pre-school Exemption

The current exemption to the activity test for children accessing a pre-school program in a centre-based long day care service has been a huge success and if extended to children in their **two years before school**, would provide more children with access to an early learning program from the age of three.

4. Clarifying the flow of payments when a back payment occurs

There are a range of circumstances where CCS may be paid as a back payment. This could be as a result of a families delayed CCS application or approval by DHS/Centrelink, or some other administrative oversight by families even whilst enrolled at a service. There is significant uncertainty around when these payments are made to families or service providers.

In many cases this money is paid to families rather than service providers, resulting in confusion and the need to for families to repay that money to service providers. The unintended consequence of this payment process is that the service provider can be left substantially out of pocket with very little recourse. ACA recommends that where a back payments is due to occur it should be paid directly to service providers in line with previous recommendations made by the Productivity Commission.

5. Improving the Additional Child Care Subsidy (ACCS)

ACA believes that every child in Australia should have access to high quality, affordable and sustainable early learning services and therefore the best start in life. This includes those children from **vulnerable and disadvantaged backgrounds**.

The Additional Child Care Subsidy (ACCS) is a vital part component of the Child Care Package aiming to support children experiencing vulnerability through a range of circumstances. Whilst there has been improvement in the administration of ACCS over the last twelve months, it is vitally important that changes are made to ensure it better supports its intended beneficiaries with the least amount of red tape for service providers and families.

Beyond the overly cumbersome administration required, the issue of back payments raised earlier in this submission is magnified for circumstances where a family is eligible for ACCS (child wellbeing) in addition

to CCS. It can also take longer than the initial six weeks covered by the ACCS certificate issued by the service to collate the required paperwork to apply for an ACCS determination.

Furthermore the current system allows for ACCS Provider Eligible enrolments which, if used effectively, would provide more immediate benefit to children requiring access in the most extreme of vulnerable circumstances.

ACA recommends the following changes to ensure the ACCS is supporting access for vulnerable children more effectively:

1. Extend the period for an ACCS certificate **from 6 to 13 weeks**.
3. Ensure all back payments of CCS and ACCS are **paid to service providers directly**.
4. Allow the Minister discretion to extend the period of back payment for CCS and ACCS to **beyond 28 days** as circumstances present.
5. Broaden the **Provider Eligible Enrolment** to ensure it supports better access for children and families experiencing the most extreme of vulnerabilities and who may not have access to the information to make an effective CCS application.



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