



Childcare Associations Australia
Grant Cameron Community Centre
27 Mulley St, Holder ACT 2611
Ph: (02) 6287 3950
Fax: (02) 6287 3955
caa@childcareaa.com.au

Committee Secretary
Community Affairs Committee
Department of the Senate
Parliament House
Canberra ACT 2600
Australia

Submission to
Employment and Workplace Relations Legislation Amendment (Welfare to Work and
other Measures) Bill 2005
Family and Community Services Legislation Amendment (Welfare to Work) Bill 2005

November 2005

Introduction

Childcare Associations Australia (CAA) represents member centres across Australia, some 55% of the long day care sector. The Association seeks to work in partnership with government to promote quality, accessible and affordable care outcomes for Australian children and their families. Our members across Australia have expressed concerns regarding the proposed changes and the potential and unnecessary confusion that will follow in relation to these changes.

Children's Services are an essential element of the Australia economy –promoting and supporting workforce participation, attachment and retention. A viable Children's Services sector is essential to the growth of the Australian economy and the capacity of parents to balance work and family commitments.

Key issues and recommendations regarding the Welfare to Work package and legislation

The 05/06 Budget briefing papers provided by the Howard Government noted that ***“our society relies on the skills and talents of parents every day, in their important child rearing responsibilities, and increasingly, their contribution to the economy ”***

The papers also highlighted the budget initiatives that would:

- *‘help people make the move from welfare to employment opportunities;’*
- *‘provide additional child care support to allow parents of school age children to either remain in or re enter the workforce;’*
- *‘support the work first approach of the innovative welfare reform package and show the Howard Government’s continued commitment to Australia’s parents and children’*
- *‘ensure more parents in employment to ensure better outcomes for children’*

- *'provide for improved social connections, and enhanced emotional well being of parents'*

However despite all these targeted outcomes the budget release also stated that from 1 July 2006:

- *'the base level of participation required to satisfy the Child Care Benefit (CCB) work, training, study test will be altered, so that to be eligible for more than 24 hours of CCB a week, both members of a couple or a sole parent, must demonstrate they have ongoing work, or work related activity, of around 15 hours a week'.*

This would appear to be at complete odds with the desired outcome of increased participation in the workforce.

There is further confusion when considering eligibility for the 30 per cent Child Care Rebate. The Treasurer announced in his press release of 23 June 2005

- *The existing work/training/study test will still apply for rebate purposes from 1 July 2006 when the new CCB changes are to take effect. This will be achieved through amendments which will complement the Family Assistance legislation which will implement the Welfare to Work changes*

We have met many times over the recent months with Centrelink, FaCS and the ATO to express our growing concerns over the administration of two schemes to support childcare affordability and the emerging administrative complexities. The changes to the work test compound this even more. Moreover the issue of weekly affordability of childcare is not being addressed.

The current media campaign regarding the 30 % rebate has both parents and services confused regarding eligibility and claim processes.

From a partnership perspective CAA encourages consideration of:

- the potential electoral backlash as parents come to terms with the implications of the loss of CCB and/ or 30% rebate options;
- the inequity of some families being assisted with childcare costs and others not;
- the impact of families incurring higher debts if through their estimated income they have fallen below 15 hours of work per week;
- the significant administrative costs of a reconciliation for CCB, the 30 % Rebate and the work hours total;
- a two tiered system of benefit/rebate for the same outcome ie childcare affordability;
- the challenge of providing clear messages to parents and providers regarding CCB, 30% rebate, and differing work/study/training tests

The sector is gravely concerned that the culmination and complexities of these initiatives will force families to look more and more at backyard care options – an option that works against quality outcomes for children and a matter the state regulatory bodies have been trying to stamp out for years.

Equally CAA is concerned about the recognition of the value of the early years, quality care and education outcomes for our children and the support we (as service providers) offer families to assist them to balance their family life and remain an active participant in the work place.

I have also attached for your consideration some of the “on the ground” difficulties that will inevitably emerge regarding the 15 hour work test limit.

Our Association remains committed to working with government to resolve these issues and is available to meet to discuss this further

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Anne Clark', with a stylized flourish at the end.

Anne Clark
President

EMERGING ON THE GROUND ISSUES CONCERNING THE 15 HOURS PER WEEK WORK TEST AND THE 30 PER CENT REBATE

The emerging two tiered system of support for families is creating confusion and concern amongst both parents and providers. Specifically the proposed “around 15 hours a week work test for CCB” and the “1 hour per week” work test for the 30 per cent rebate will create public policy anomalies that undermine the government’s ability to deliver on its Budget outcomes for families and children.

Consideration should be given to:

- **What is ‘around 15 hours a week’** is it as low as 10, 12, 9 or 1 as currently exists? Who decides the benchmark? Has there been any cost analysis on the administrative costs associated with determining the benchmark? Is it 15 hours of work per week or is it averaged out over a year? How will families or the government total this?
- **Seasonal workers** – where work is determined by the availability and needs of an industry, how can the worker control the outcome for themselves?
- **Casual workers** – where workers are called on a needs only basis with no control over the hours worked – how will they be able to meet the work test? How can they maintain care continuity for their child and meet both CCB and 30 per cent eligibility;
- **Shift workers** – where rotational shifts can mean one amount of work one week and another the next or so many days over a period of a roster eg a month. Can it be averaged?
- **Rural and Remote workers** – where work is again tied to seasonal influences and availability of employment options, how will this be affected?
- **Rural and Remote Services** what about services that are exempted from the 20 hour cap due to location – will this exemption extend to the new ruling?
- **Travel time** – will this be factored in to the work related total, what proof would be required? If a parent works 12 hours and travel time equals 6 hours do they meet the criteria?
- **Looking for work** – do they need to look for 15 hours per week to meet the requirement? How would they do this? How would it be recorded?
- **Continuity of care** Will parents have to put children in and out of care as their circumstances change with fluctuating work hours? How would centres be able to provide positions for these children and support these families and remain viable?

- **Women on maternity leave** may be affected when they cannot retain their child's place in care yet have to return to work (with an additional child) at some period. They may be reduced to one wage and therefore not able to claim the rebate just when they are most in need of the additional support;
- **Students** – how do you measure the amount of study someone does a week?. Study work loads vary from subject to subject, periods of the year, semester breaks, field v contact v non contact hours. External students will be harder to monitor than students attending a study institution. Are there some courses acceptable for the work test and others that are not? eg a student doing a postgraduate diplomas that is thesis base how does this get measured?
- **Workforce Retention in Children's Services-** Fluctuating enrolments will result in increasing dependence on a casual workforce, at a time when the industry is working with government to both attract and retain staff with a strong commitment to outcomes for children in the early years.
- **Monitoring Arrangements** It is well beyond the capacity of services to manage and we have no legal authority to ask for this information, verify it and monitor it. Equally how could the government manage it and what are the costs?
- **Children with additional/special needs** Are the children who are from non working families, but have disabilities or are at risk ensured the continuation of the provision of childcare?
- **Leave implications** Does it include the four/six weeks of annual leave a parent is entitled to per year? Will this affect their overall total and thus their eligibility? What if a parent is on sick leave, leave without pay, carer's leave or work cover and requires care but is not actually physically working. How will they be affected?

It appears that there are more questions generated by these policies than answers. The sector is anxious for clear, transparent and streamlined processes and strongly encourages further consultation with the sector to resolve these issues in the interest of quality, affordable and accessible outcomes for Australian children and their families.