



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

A submission from United Voice to the Senate
Education and Employment Standing Committee

January 2016



Authorised by Assistant National Secretary Helen Gibbons



About United Voice

United Voice, the Early Childhood Education and Care (ECEC) union represents early childhood directors, teachers and educators across Australia. We have members in every state and territory working in both large organisations and smaller centres. We are proud of the work we do – educating over one million young Australians and maximising the contribution their parents make to the economy¹. Together we work with all stakeholders including employers, sector advocates, peak bodies and parents to provide the best possible early education experience for Australian children and progress the agenda for a well-funded high quality ECEC system.

Executive Summary

United Voice welcomes the opportunity to comment on the Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015. As professionals working in centres delivering education and care every day, we have unique insights into the strengths and weaknesses of current and proposed policy settings. Educators have been warning for some time about the looming 'triple crisis' of quality, affordability and accessibility. United Voice is concerned that the Government's proposed package does not address these three issues holistically and even works against some of the Government's own aims. There are some positive changes, for example the single means tested payment and the backing of the National Quality Framework (NQF) ensures a streamlined and high quality ECEC system for Australian families. However, other changes mean many families will be worse off, either from reduced ECEC access or affordability. The activity test also adds complexity to the system that the Government is seeking to eliminate.

United Voice would welcome the extra funds being injected into the sector but is fundamentally opposed to funding ECEC through cuts to Paid Parental leave (PPL) and Family Tax Benefit payments that disproportionately affect single parent, low-income and disadvantaged families. Australia's public expenditure on ECEC is still below the OECD average and far below the best practice indicator of spending at least 1 per cent of Gross Domestic Product (GDP).² United Voice is also deeply disappointed that the Government's changes ignores educators who are the heart of the sector. Quality ECEC is absolutely dependent on quality educators. The Government has not appropriately considered the workforce implications of their changes nor acknowledged the challenges the sector's low-paid workforce faces. Acknowledging and addressing these workforce challenges, as well as ensuring the new funding model is implemented as per Productivity Commission recommendations, is vital to ensuring a high quality, affordable and accessible ECEC system. United Voice believes the rights of the child and child development must be foremost in all ECEC policy development. This belief underpins our five key concerns and accompanying recommendations to the Senate.

¹ Report on Government Services 2015, Chapter 3 Early Childhood Education and Care, accessible at <http://www.pc.gov.au/research/ongoing/report-on-government-services/2015/childcare-education-and-training/early-childhood-education-and-care>

² This is based on the latest available 2011 data from the OECD Family Database 2014, PF3.1 Public Spending on childcare and early education, accessible at http://www.oecd.org/els/soc/PF3_1_Public_spending_on_childcare_and_early_education.pdf

Five Key Concerns

Investment in ECEC is too important to tie to other budget measures:

United Voice fundamentally opposes funding ECEC through cuts to PPL and Family Tax Benefit payments that disproportionately affect single parent, low-income and disadvantaged families. ECEC should be properly funded in its own right. Any boost in funding of quality early learning has a clear return on investment for the Australian economy, now and in the future.

The Government has not considered the workforce implications of its proposed legislation nor the issues and challenges educators face in the sector:

The proposed legislation ignores educators and does not acknowledge the workforce challenges of low pay and retention that they face. The workforce implications of the new activity test and push for more flexible operating hours have not been considered. The Government has also not addressed the issue of professional wages and the current Equal Remuneration Order (ERO) under consideration in the Fair Work Commission (FWC). Workforce issues have a direct impact on educators, ECEC quality, parents' out-of-pocket costs and, most importantly, continuity of care for children. They must be considered in all funding and reform discussions and decisions.

An unsustainable funding model would be implemented:

The new benchmark price funding model has been indexed to Consumer Price Index (CPI) rather than real market prices. This fundamentally compromises the funding model that the Productivity Commission (PC) recommended. This threatens the future affordability and quality of ECEC for Australian families. The proposed funding model only works if the benchmark price, which determines government subsidies, reflects the true cost of providing ECEC and is adjusted regularly to stay in line with increased market costs including wage increases.

The new activity test is harsh and complex, cutting access to early learning opportunities for too many Australian children:

The new activity test cuts ECEC access in half for those who need it most: low-income, disadvantaged, and precariously employed families attempting to get a foothold in the labour market. Under the current system, children of these families have access to 24 hours of subsidised early learning every week but the new activity test cuts this in half to 12 hours per week. The stricter activity test will also impose a heavy administrative burden on providers, government (Centrelink), parents and educators. The Government's change in this area ironically moves Australia further away from international trends to provide a strong universal provision of early learning for all children. United Voice urges the Senate to rethink the negative and unintended impacts of the activity test.

There has been a lack of consultation by the Government and a lack of meaningful evidence, data and modelling released to appropriately assess the changes:

United Voice is deeply concerned that the legislation's impact on children, families, providers and the workforce have not been quantified making it difficult to assess how many and what type of families will be worse off under the Government's reforms. The Government's Decision Regulation Impact Statement (RIS), released on the same day as the legislation supplied a lack of meaningful evidence, data and modelling, making a cost-benefit analysis of different reform options impossible. Consultation has also been haphazard and politicised.

Summary of Recommendations

- 1.** United Voice recommends that the Senate review internationally recognised research on the returns on investment that public expenditure on early learning brings, and increases funding to the sector in line with OECD best practice. That is, at least 1 per cent of GDP or no less than the OECD average of 0.8 per cent of GDP.³
- 2.** Based on International Monetary Fund (IMF) Australian GDP projections for 2016 and 2017, Australia should be spending between \$16 and \$17 billion annually on ECEC. This is significantly more than the Government's Jobs for Families Child Care Package delivers.⁴
- 3.** United Voice, along with other sector stakeholders, also recommends the Senate ensure that the \$300 million in savings from the recent changes to means testing are redirected back into the sector to improve ECEC access for disadvantaged and vulnerable children.
- 4.** United Voice recommends the Government immediately release any research or modelling on the workforce implications of the proposed legislation, especially in relation to their push for flexible operating hours and billing.
- 5.** United Voice recommends the Senate acknowledge the necessity of professional development for the ECEC workforce and ensure funding for professional development programs beyond 2017.
- 6.** United Voice calls on the Senate to recognise the role of government in addressing the large and growing ECEC workforce's fight for professional wages and to work with all sector stakeholders to ensure the success of the ERO.
- 7.** United Voice recommends the Senate ensure the benchmark price funding model is pegged to real market prices, not CPI, and is reviewed and adjusted every six months as per the PC recommendation. If the Government chooses to ignore this recommendation, United Voice recommends the Senate ensure at least an annual review of the benchmark price, in line with real market prices, is legislated for in the bill.
- 8.** United Voice recommends the Senate ensure that vulnerable children whose parents do not meet the activity test have a minimum of 24 hours (preferably 30 hours) of subsidised early learning each week.
- 9.** Similarly, United Voice recommends the Senate ensure that children at risk of abuse or neglect as well as vulnerable children, particularly those from Aboriginal and Torres Strait Islander communities, not be worse off under the reforms.
- 10.** United Voice recommends the Senate ensure casual workers are not disadvantaged by the activity test and can have secure, ongoing, government-subsidised ECEC that allows them to manage and increase their workforce participation. For example, through appropriate averaging, transitional and exemption arrangements.
- 11.** United Voice recommends the Senate ensure the legislation allows families to combine different types of activity such as work, study and volunteering so that they can maintain affordable access to government subsidised ECEC for their children.

³ This is based on the latest available 2011 data from the OECD Family Database 2014, *PF3.1 Public Spending on childcare and early education*, accessible at http://www.oecd.org/els/soc/PF3_1_Public_spending_on_childcare_and_early_education.pdf

⁴ IMF 2016, *World Economic Outlook Database*, accessible at <http://www.imf.org/external/pubs/ft/weo/2015/02/weodata/index.aspx>.

12. United Voice recommends the Senate amend the eligible hours for the first step of the activity test from 36 to 40 hours so that working families are not worse off under the Government's reforms.

13. United Voice recommends the Senate investigate options so that families who earn more than \$65,710 per annum and only have one parent working do not automatically and suddenly have their government subsidised ECEC cut. Many of these families are still on low-incomes and their children should have access to early learning opportunities.

14. United Voice recommends the Government immediately release all data, research and evidence used in developing the legislation so that the Senate can make an informed assessment of its impact on Australian families.

15. United Voice recommends the Senate should be able to consider key ministerial determinations that have a direct impact on policy settings before it finalises its committee report.

16. United Voice recommends the Senate ensure that consultation processes with the ECEC sector are reviewed by the Department of Education.

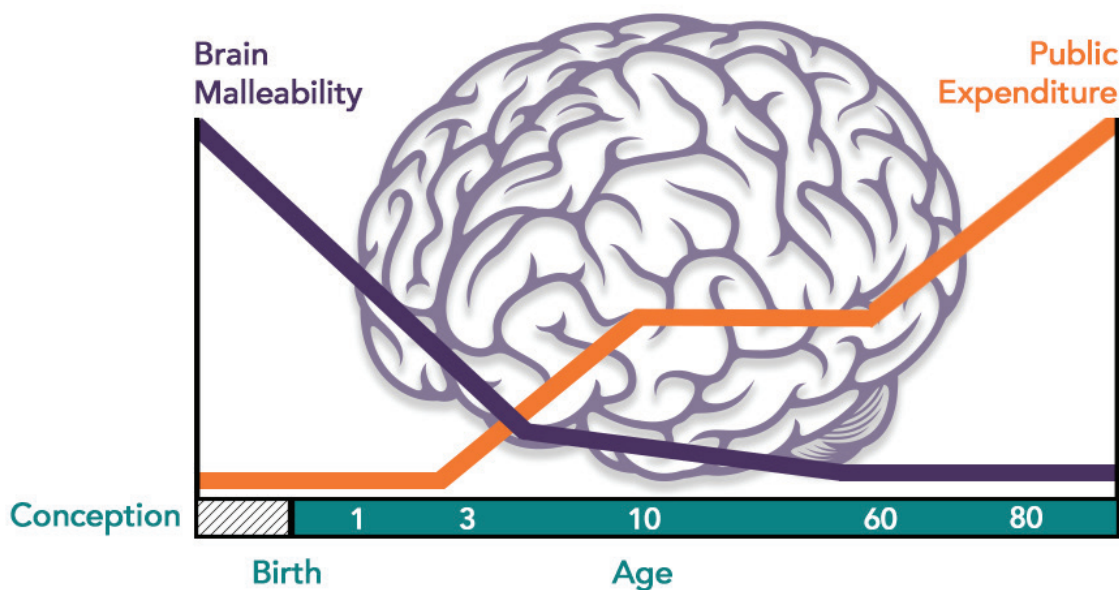


Investment in ECEC is too important to tie to other budget measures

To borrow an analogy from economics, by investing early and well in our children's development, we increase the rate of return later in life and in so doing improve not only the lives of individuals but of societies as well.⁵

Investment in ECEC is too important to tie to other budget measures. ECEC should be properly funded in its own right. United Voice reminds the Senate that investment in the early years pays back over time. The most current research in neuroscience and economics tells us that early childhood is the best time to transform a person's life, in particular disadvantaged and vulnerable groups, because of the direct and proven link to life outcomes. Thus, there are strong returns on investment for public expenditure on ECEC and it is far more cost-effective than investments made at other times because 85 per cent of a child's brain development takes place between birth and five years of age.⁶ Put simply, government expenditure on early learning means decreased government expenditure elsewhere, and later, on education, criminal justice and health services. This is in addition to the significant community and economic benefits ECEC has on healthy child development and parental workforce participation. For example, recent Australian research shows improvements of 10-15 NAPLAN points in year 3 for children who had attended a preschool program, against those who had not attended a preschool program.⁷ The benefits from the provision of high-quality ECEC do not end with individual parents and children who avail themselves of these services, but flow on to the broader community.⁸

Brain Development - Opportunity and Investment⁹



Adapted from McCain and Mustard, 1999 p.108. (Perry 1996)

⁵ John et al 2010, as cited in As cited in Dalli, C., White, J., Rockel, J., Duhn, I., Buchanan, I., Davidson, S., Ganly, S. Kus, L & Wang, B. 2011, *Quality Early Childhood education for under two year olds: What should it look like? A literature review*, Wellington: Ministry of Education, New Zealand, pg. 59. Accessible at https://www.educationcounts.govt.nz/publications/ECE/Quality_ECE_for_under-two-year-olds/965_QualityECE_Web-22032011.pdf

⁶ Australian Institute of Health and Welfare 2015, *Literature review of the impact of early childhood education and care on learning and development: working paper*. Cat no. CWS 53. Canberra: AIHW.

⁷ Warren, D. & Haisken, J. 2013, *Early Bird Catches the Worm: The Causal Impact of Pre-school Participation and Teacher Qualifications on Year 3 National NAPLAN Cognitive Tests*, Melbourne: MIAESR.

⁸ OECD 2006, *Starting Strong II: Early Childhood Education and Care*, Volume 2. OECD.

⁹ As cited in Dalli, C., White, J., Rockel, J., Duhn, I., Buchanan, I., Davidson, S., Ganly, S. Kus, L & Wang, B. 2011, *Quality Early Childhood education for under two year olds: What should it look like? A literature review*, Wellington: Ministry of Education, New Zealand, pg. 60. Accessible at https://www.educationcounts.govt.nz/publications/ECE/Quality_ECE_for_under-two-year-olds/965_QualityECE_Web-22032011.pdf

Surprisingly, return on investment research evidence is ignored in discussions of ECEC and fiscal sustainability in the decision RIS. United Voice recommends the Senate consider international studies that illustrate for every dollar invested into ECEC there is significant returns on investment. For example, in Canada different cost-benefit analyses indicate a \$1.50 to almost \$3 return on investment and in the US studies estimate up to a \$17 return on every dollar spent on ECEC.¹⁰ United Voice also draws the Senate's attention to the Price Waterhouse Coopers (PWC) 2014 report *Putting a value on early childhood education and care in Australia*. This report demonstrates significant returns on investment specific to the Australian context and public expenditure on ECEC. The PWC modelling concludes that government investment in the sector would be revenue neutral within a decade and net positive to the economy with two decades. By 2050, the significant long term returns on investment for the Australian economy and taxpayers would be:

- An extra \$6 billion benefit to the GDP as a result of increased female workforce participation;
- An extra \$10.3 billion benefit to the GDP as a result of high quality early learning; and
- An extra \$13.3 billion benefit to GDP as a result of the increased participation of vulnerable children.¹¹

The Grattan Institute reports that if Australia had the same rate of female workforce participation as Canada (i.e. an extra 6 per cent of women in the workforce) then Australia's GDP would be about \$25 billion higher over a decade.¹²

Furthermore, United Voice would like to note that whilst the government will inject an extra \$3.2 billion into the sector over two years from 2017, internationally Australia is still falling behind when it comes to public expenditure on ECEC. Australia spends less on ECEC as a percentage of GDP than New Zealand did in 1998.¹³ Since 1998, Australia has spent far less than the OECD average of 0.8 per cent of GDP on ECEC; with countries like Mexico, Romania and Korea spending more on ECEC as a percentage of GDP than Australia. United Voice does not believe that Australians are content with being below "average" on such an important policy area. In fact, countries that are considered best practice spend more than 1 per cent of GDP on ECEC. In 2011, Nordic countries such as Denmark, Iceland and Sweden spent between 1.6 and 2.0 per cent of their GDP on ECEC. The UK, which has a similar market-based approach to ECEC as Australia, spent 1.1 per cent of their respective GDP on ECEC. New Zealand, a closely comparable country to Australia also did the same.¹⁴

Australia spends less than the OECD average and the recommended benchmark of 1% of GDP on ECEC



¹⁰ Alexander, C. & Ignjatovic, D 2012, *Early Childhood Education has widespread and long lasting benefits*, accessible at https://www.td.com/document/PDF/economics/special/di1112_EarlyChildhoodEducation.pdf

¹¹ Price Waterhouse Coopers 2014, *Putting a value on early childhood education and care in Australia*, accessible at file:///G:/Big per cent 20Steps/Research/Govt. per cent 20Reports/Putting per cent 20value per cent 20on per cent 20ECEC.htm.

¹² Grattan Institute 2013, *Game-changers: economic reform priorities for Australia*, accessible at http://grattan.edu.au/wp-content/uploads/2013/02/190_daley_oped_charter_austperspectives.pdf

¹³ Brennan, D. & Adamson, E. 2015, *Baby Steps or Giant Strides?* The McKell Institute, accessible at http://mckellinstitute.org.au/wp-content/uploads/2015/07/McKell_Childcare-Report.pdf, pg 20.

¹⁴ OECD Family Database 2014, *PF3.1 Public Spending on childcare and early education*, accessible at http://www.oecd.org/els/soc/PF3_1_Public_spending_on_childcare_and_early_education.pdf

Australia should make a goal and commitment to spend at least 1 per cent of GDP on ECEC. Based on IMF Australian GDP projections for 2016 and 2017, this would mean Australia should be spending between \$16 and \$17 billion annually on ECEC.¹⁵ For comparison in 2013-2014 Australia spent only \$7.7 billion or 0.48 per cent of its GDP on ECEC. If the Government wanted to increase its ECEC expenditure to at least the OECD average of 0.8 per cent of GDP in 2017, it should be spending approximately \$13.7 billion on ECEC. The Government's Jobs for Families Child Care Package, even with the extra injection of funds, at approximately \$40 billion over four years is well below what should be our 1 per cent goal. It is even below the OECD average spend of 0.8 per cent of GDP. In comparison, Australia's public expenditure on primary and secondary education is approximately \$50 billion per year. As the return on investment research noted above indicates, the cost-benefit to Australian taxpayers would be considerable if the Australian government invested more into ECEC.

United Voice fundamentally opposes funding ECEC through cuts to PPL and Family Tax Benefit payments that disproportionately affect single parent, low-income and disadvantaged families. The Federal Government's proposed changes to PPL move Australia further away from World Health Organisation recommendations to support women to breastfeed for the first six months of their child's life for optimal maternal and child health and development. They will also lead to an even higher demand for ECEC for the 0-2 age group if government changes to PPL pass the Senate. This is where accessibility issues are already most apparent.

Family tax benefits are vital support mechanisms for single parents and low-income couple households. United Voice opposes the premise that reforms to ECEC should be funded through cuts to such critical services for Australian families, especially when it is the children from the same low-income, disadvantaged and precariously-employed families that will be affected by other parts of the package such as the stricter activity test. These disadvantaged and low-income families will have their ECEC access cut in half.

United Voice is also disappointed that the overall injection of new funds into the sector has decreased since the package was announced in May 2015. The Government has saved \$300 million from changes to means testing but has not redirected these funds into ECEC. United Voice, along with other sector stakeholders, recommends the Senate redirect the full \$300 million in savings to improve ECEC access for disadvantaged and vulnerable children.

Recommendations to the Senate:

1. United Voice recommends that the Senate review internationally recognised research on the returns on investment that public expenditure on early learning brings, and increases funding to the sector in line with OECD best practice. That is, at least 1 per cent of GDP or no less than the OECD average of 0.8 per cent of GDP.¹⁶
2. Based on International Monetary Fund (IMF) Australian GDP projections for 2016 and 2017, Australia should be spending between \$16 and \$17 billion annually on ECEC. This is significantly more than the Government's Jobs for Families Child Care Package delivers.¹⁷
3. United Voice, along with other sector stakeholders, also recommends the Senate ensure that the \$300 million in savings from the recent changes to means testing are redirected back into the sector to improve ECEC access for disadvantaged and vulnerable children.

¹⁵ IMF 2016, *World Economic Outlook Database*, accessible at <http://www.imf.org/external/pubs/ft/weo/2015/02/weodata/index.aspx>

¹⁶ This is based on the latest available 2011 data from the OECD Family Database 2014, *PF3.1 Public Spending on childcare and early education*, accessible at http://www.oecd.org/els/soc/PF3_1_Public_spending_on_childcare_and_early_education.pdf

¹⁷ IMF 2016, *World Economic Outlook Database*, accessible at <http://www.imf.org/external/pubs/ft/weo/2015/02/weodata/index.aspx>

The Government has not considered the workforce implications of its proposed legislation nor the issues and challenges educators face in the sector

The Government's Jobs for Families Child Care Package ignores workforce challenges and issues for educators. It doesn't consider the low wages endemic in the sector nor the high staff turnover that occurs as a result. The Productivity Commission reported that there is widespread concern across the sector that ECEC workers are undervalued and underpaid. This was reinforced during the RIS consultation in Sydney where various stakeholders, not only United Voice, identified workforce challenges as a viability issue that ECEC services face every day. United Voice was disappointed that workforce issues were not considered alongside other viability issues like low and fluctuating enrolments in the RIS and broader changes to the sector.

A certificate III qualified educator earns \$20.13 an hour, or \$2.84 above the minimum award hourly wage. This hourly rate means the bulk of the ECEC workforce meet the FWC's definition of low-paid. According to the FWC, the hourly rate of the low-paid is actually over \$2 more per hour than a certificate III educator's pay at \$22.22 per hour.¹⁸ In contrast, Diploma qualified ECEC staff earn only a little over this 'low-paid' rate at \$23.71 per hour.

*I have two other jobs to survive working in the job that I love. One is cleaning after hours in my own centre – for this I earn **62 cents more** an hour than my wage as an educator...*

– Alicia, Educator and Tasmanian
United Voice Member



Low pay results in high labour turnover. This high turnover impacts everyone – first and foremost children who form emotional bonds with educators, the staff who remain; and parents and taxpayers who bear the cost. At a fundamental level, therefore, issues of quality are workforce issues. As the Council of Australian Governments (COAG) stated in 2009 the 'quality of the workforce is a key factor in achieving good outcomes for children'.¹⁹ Research has consistently found that ongoing, stable and consistent relationships between teachers, educators, children and families is an important enabler of quality pedagogy and that inconsistent care and high staff turnover have a negative impact on pedagogy and infants' changing needs, communication and language.²⁰ Thus, unless solutions are provided to the issue of poor working conditions, lack of career progression and low wages, a high quality ECEC system cannot be guaranteed for Australian children.

¹⁸ Broadway, Barbara & Wilkins, Roger 2015, *Low-paid women's workforce participation decisions and pay equity*, Melbourne Institute of Applied Economic and Social Research, Fair Work Commission.

¹⁹ Council of Australian Governments (COAG) 2009, *Investing in the early years – A national early childhood development strategy*.

²⁰ See various articles cited in Dalli, C., White, J., Rockel, J., Duhn, I., Buchanan, I., Davidson, S., Ganly, S. Kus, L & Wang, B. 2011, *Quality Early Childhood education for under two year olds: What should it look like? A literature review*, Wellington: Ministry of Education, New Zealand, pg. 88-89. Accessible at https://www.educationcounts.govt.nz/publications/ECE/Quality_ECE_for_under-two-year-olds/965_QualityECE_Web-22032011.pdf

Low wages, workforce turnover and the importance of continuity of care for children

Low wages in the sector affected our family as we witnessed a very passionate and gifted qualified educator make the heart breaking decision to leave his position and retrain because he could not support his young family adequately on his wages as an educator. We saw, and felt, firsthand the effect his departure had on Lily, her friends and the centre community. For many months afterwards there were constant enquiries as to where had he gone, there were tears at the start of each day where there had been none before and Lily was not bringing home the creations and works she was before.

It was a tragedy that he had to leave because it is educators such as these that make a difference in the lives of children. I can see that Lily has a bright future and a part of this can be attributed to the fortunate experience she has had in centres where there has been continuity of educators. It is crucial that we recognise the importance of this continuity of care in the education of our children.

We wouldn't accept a situation where our young child had a number of different teachers across a year at school so why should this be acceptable in early childhood?

– Georgia, Parent, Educator and Tasmanian United Voice Member



Professional Wages for Professional Work

Despite the growing recognition of ECEC as an essential service, the professional work of educators remains socially undervalued and underpaid. As many ECEC educators are acutely aware, their wages and conditions are not commensurate with the qualifications and skills required in their roles and the responsibilities that they hold. All workers within the sector experience low pay, including centre directors, who have roles and responsibilities comparable to principals of small primary schools, yet their pay is roughly half that of their equivalents in the school education sector. A highly feminised workforce; structural impediments to bargaining including multiple small sites of employment; limited community recognition of early care and learning; and inadequate Government funding have all contributed to low wages in the sector. In recognition of these issues and the changing value of the work of early learning professionals United Voice launched an ERO case in the Australian FWC in July 2013. Since 2013, United Voice has continued to develop a strong case for the ERO including expert and member witness statements. In December 2015, the FWC released a decision that United Voice is currently considering and we expect to embark on the case later this year.

United Voice wants to ensure that wages for qualified early childhood educators meet those for equal work in other sectors, like primary school teachers. Like other education sectors, early education involves individualised, developmentally appropriate, play-based learning programmes and requires qualified educators and teachers to develop, deliver, and evaluate these programmes. Early childhood educators deserve professional wages for professional work.



It is our responsibility to help our little people learn not only their ABCs and 123s but about the world in which we live. If our job descriptions were true to our roles they would say we are nurses, social workers, family counsellors, mentors, trainers, child nutritionists, musicians, artists, scientists, mathematicians, librarians, gardeners, technology experts, comforters and last, but certainly not least, educators

- Cassandra, Educator, Assistant Director and ACT United Voice Member

For children, the benefits of a funding model that acknowledges and funds professional wages would be immense. The benefits would include improved child development outcomes due to improved and long-lasting relationships with staff from a more stabilised workforce. For educators, it would allow the existing workforce to realise their ambitions of building a lasting career in the sector and encourage new high-quality entrants to take up the profession. For parents, such a funding scheme would encourage greater workforce participation, as they would be assured that their children are entrusted to a professional and stable workforce. Together, these immediate effects would have significant impacts on the country's economic performance.

If the Government's Jobs for Families Child Care Package is meant to reform Australia's ECEC system than it must acknowledge and address workforce retention and low wages as key issues in the sector. United Voice calls on the Government to work with all stakeholders to ensure the success of the ERO. Appropriate government funding can ensure a balance is achieved between child development outcomes, parental affordability, and decent wages for the important work ECEC educators do every day: educating Australia's future. The independent decision of the FWC in United Voice's ERO case must be considered when allocating funding for this important sector. Previous governments have made commitments to funding the outcomes of such cases, specifically in the social and community services sector, where employers have argued that the low level of government funding was a key factor in the low wages of employees. United Voice reminds the Senate that funding professional wages is one of the last policy hurdles to jump to make Australia's system internationally recognised and applauded.

It is extremely important for educators to be paid along the same lines as other educators in our community and to win our case for professional wages to show our government and community that we are a vital part of society, educating the next generation in their early years...Winning this case would be life changing for a lot of educators. Educators leave this sector not due to a lack of commitment but due to money issues such as starting a family or buying a house...This wouldn't be necessary if the remuneration reflected the position and role educators have in the community, and the skills and training that all educators attain.

– Melissa, Educator and Western Australian United Voice Member

The Importance of Professional Development

Further reflecting inadequate consideration of ECEC workforce issues, the Government's reforms lack any plans or investment in professional development for educators beyond July 2017. United Voice joins other stakeholders in the sector expressing concern on this. Ongoing funded professional development is essential to provide high quality ECEC in line with key milestones around the NQF. It also assures parental confidence in the system and helps address the high turnover in the sector. Australia's own Standing Council on School Education and Early Childhood (SCSEEC) identified the increasing complexity of caring for and educating young children in 2012 noting the qualifications and ongoing professional development this requires.²¹ Researchers have also found that 'specialised knowledge of young children's development (rather than education alone) helps practitioners to be more attuned in their interactions with infants and toddlers'.²² Professional development is key to building and implementing this type of specialised knowledge in the ECEC workforce in practical daily ways. Our own members are committed to ongoing professional development in their roles.

I trained full time for 2 years, I hold a first aid certificate. I do specific training around child protection. I spend days and nights researching ideas, learning more to deepen my understanding about theory and practice. I read research articles about growth, development and connections. I do continuous professional development. I am now enrolled to complete my bachelor of early childhood teaching with UTAS [University of Tasmania] because studies have shown that adult education levels have a direct impact on the quality of learning a child receives.

– Ali, Educator and Tasmanian United Voice Member

The abandoning of funding for professional development is also occurring at the same time several jurisdictions are extending teacher registration and accreditation processes to early childhood teachers (ECTS). Now four states (NSW, VIC, SA and WA) require teacher accreditation for ECTS and this generally mandates 100 hours of professional development over 5 years as per the national professional teaching standards.²³ United Voice members welcome accreditation as part of the ongoing professionalisation of the sector but remind the Senate, that unlike schools, professional development is not always employer-funded in ECEC.

Accreditation is an important step in appreciating that early childhood educators are professionals who are of equal standing within the community as those teachers who have chosen to work within schools. I feel accreditation also reflects the fact that early childhood education is a foundational level of learning that plays an important part in the development of the whole child and lays the foundation for early childhood educators to be recognised and paid at an equal level to their peers who work within the school system.

– Jade, Early Childhood Teacher and NSW United Voice Member

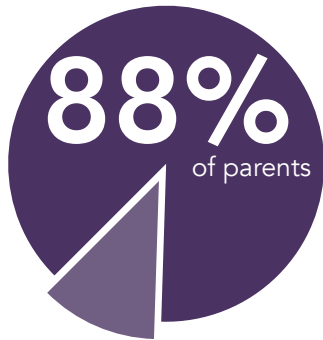
This is another reason why United Voice urges the Senate to recognise the necessity of professional development for the ECEC workforce and fund appropriate programs and policies to ensure the best start for all Australian children in their first years of learning.

²¹ Standing Council on School Education and Early Childhood (SCSEEC) 2012 *Early years workforce strategy: The early childhood education and care workforce strategy for Australia 2012-2016*, pg. 4.

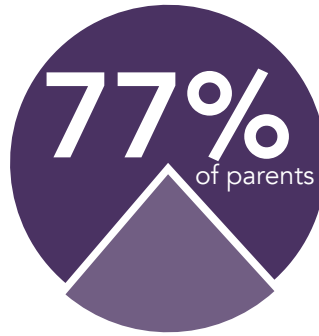
²² Mathers, S., Eisenstadt, N., Sylva, K., Soukakou, E., & Ereky-Stevens, K. 2014. *Sound foundations: a review of the research evidence on quality of early childhood education and care for children under three*. Oxford: The Sutton Trust.

²³ <http://www.aitsl.edu.au/australian-professional-standards-for-teachers/standards/list>

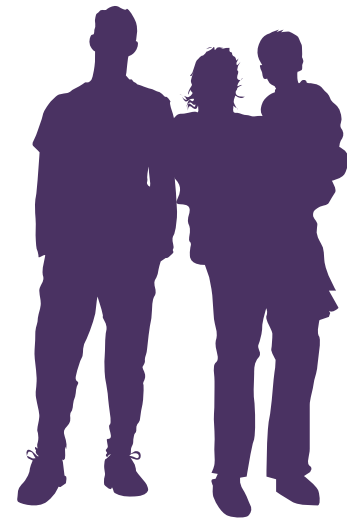
Professional wages are key to a high quality and stable ECEC sector – and parents care about both. Newspoll polling completed in early 2015 found that:



see the role of ECEC educators in their child's development as being just as important as the role of those working in schools.



say they would prioritise the quality of early childhood development and education, and more highly qualified staff, above cost when choosing an early learning provider.



The Implications of Hourly Billing on the ECEC Workforce and Wider Workforce Participation

United Voice notes with concern the Government's push for the sector, particularly Long Day Care (LDC), to change its business model in line with the Government's new activity test so that it can provide 12 hours of education and care over two days. Currently, the majority of LDC typically opens in 10-12 hour blocks and charges parents a daily or sessional fee to cover costs. United Voice is deeply concerned that the Government has not modelled or even considered the workforce implications a move to hourly as opposed to daily fees, and thus also hourly based government subsidies, would have for the sector. For example, there would likely be unreasonable demands for flexibility on a workforce already facing retention issues and a significant increase in casualisation which impacts quality and continuity of care for children. United Voice urges the Senate to consider what impact flexible operating environments would have on the ECEC workforce and the existing challenges it faces.

A range of stakeholders share our concerns on the impact of hourly billing on the ECEC workforce and the wider impact on the general community's workforce participation. Peak employer body Australian Childcare Alliance (ACA) raised concerns about the likely casualisation of the ECEC workforce that would result from a move to hourly billing, highlighting that this could lead to an already low-paid workforce losing valuable paid working hours, up to 3 hours per day or 15 hours per week. ACA shared our concern that the impact of the Government's changes on current educators has not been canvassed in the reform process. ACA states:

Educators appear to have been excluded from any regulatory impact analysis of their future when these changes are introduced. The workforce in ECEC is predominantly female. ACA sees the proposed package as a contradiction when the aim is to increase workforce participation by implementing legislation that will impact on the hours of employment of those engaged in the sector.²⁴

²⁴ ACA Response to the Child Care Assistance Package RIS 31 July 2015, pg. 15, accessible at <http://www.earlychildhoodaustralia.org.au/wp-content/uploads/2015/08/46.-ACA.pdf>

Another peak body, Early Childhood Australia (ECA) voiced similar concerns stating that:

ECA is concerned that the proposal to remove minimum operating requirements might have adverse effects on the working conditions of early childhood educators and may result in higher fees, because many of the fixed costs remain the same but would be potentially spread across a shorter day. The families that are potentially most affected are those using longer hours which are most likely to be those working full-time. We recommend that further modelling is done to better understand the potential impact of this measure on services and families, some safeguards may be warranted to reduce the potential for adverse impact.²⁵

Goodstart, the largest ECEC employer across the country, has also publically commented that hourly billing could have unintended consequences such as less flexibility for families and impact workforce participation negatively. They note that services could reduce open hours or days when they don't have sufficient enrolments or high enough occupancy to be commercially viable.²⁶

United Voice reiterates these sector-wide concerns and recommends that further modelling is completed and publically released to assess the impact of any reforms on the ECEC workforce. United Voice also reminds the Senate that the ECEC workforce is a very large industry for employment with over 153,000 Australians working directly in the sector.²⁷ Employment is also expected to grow in the sector as a result of Australia's growth in child population.²⁸ The increasing workforce participation of parents (especially mothers) and changes in the regulatory environment (increased staff to child ratios) are also contributing to the sector's growth. In fact, according to the Department of Employment, over the five years to November 2019 there are estimated to be 50,000 job openings in ECEC and the occupation of child carer is the sixth top growing occupation in the country.²⁹ By 2019, there will be over 200,000 people employed in the sector making it a key employing industry in the Australian economy.³⁰ IBISWorld reports similar figures stating that over the five years through to 2020-21, employment numbers are projected to grow annually by 3.5 per cent to reach 196,730 workers.³¹ The government must consider the low pay and conditions of the large and growing ECEC workforce.

In summary, it is clear from the Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015 that the Government's proposed changes:

- Fail to acknowledge and address low pay and workforce retention as key workforce challenges in the sector;
- Fail to invest in professional development for educators beyond 2017;
- Challenge the sector to change its business model from daily to hourly fees without considering the workforce implications of such a change;
- Ignore the reality that the ECEC workforce is a growth area of employment and a significant contributor to the Australian economy; and
- Fail to recognise that funding for professional wages is integral to the provision of a high quality ECEC system.

²⁵ ECA Submission to the Child Care Assistance Package RIS 31 July 2015, pg. 11, accessible at <http://www.earlychildhoodaustralia.org.au/wp-content/uploads/2015/08/ECA-RIS-Submission.pdf>

²⁶ Goodstart Response to the Child Care Assistance Package RIS 3 August 2015, pg. 17, accessible at <http://www.earlychildhoodaustralia.org.au/wp-content/uploads/2015/08/61.-Goodstart.pdf>.

²⁷ Productivity Commission 2014, *Childcare and Early Childhood Learning, Inquiry Report No. 73*, Canberra, pg. 310-311. Accessible at <http://www.pc.gov.au/inquiries/completed/childcare/report>.

²⁸ Ibid, pg. 105. From 2011 to 2015, the population of children under 13 years old is projected to grow by 23 per cent or around 833,000 children and based on current utilisation rates this would require an additional 113,000 full time places in ECEC.

²⁹ Department of Employment 2015, *Australian Jobs 2015*, pg. 25-26. Accessible at https://docs.employment.gov.au/system/files/doc/other/australian_jobs_2015_1.pdf

³⁰ This is the sum of the projections for Child Carers, Child Care Centre Managers and Early Childhood (Pre-primary school) Teachers as published in 2015 Jobs Outlook data. Available here: <http://joboutlook.gov.au/industryspecific.aspx?search=industry&industry=P>

³¹ IBISWorld 2015 July, *IBISWorld Industry Report Q8710 Child Care Services in Australia*, pg. 8.

Workforce issues are quality issues. They directly affect the continuity of care for children and the affordability of ECEC for Australian families. The Government has not modelled, or apparently even considered, the workforce implications of its proposed changes. This is deeply concerning, and United Voice calls on the Senate to pay close attention to the more than 153,000 educators in the sector and how they, and the children they educate and care for, will be impacted by the Government's proposed legislation.

Recommendations to the Senate:

4. United Voice recommends the Government immediately release any research or modelling on the workforce implications of the proposed legislation, especially in relation to their push for flexible operating hours and billing.
5. United Voice recommends the Senate acknowledge the necessity of professional development for the ECEC workforce and ensure funding for professional development programs beyond 2017.
6. United Voice calls on the Senate to recognise the role of government in addressing the large and growing ECEC workforce's fight for professional wages and to work with all sector stakeholders to ensure the success of the ERO.



An unsustainable funding model would be implemented

United Voice is deeply concerned that the new benchmark price funding model has been indexed to Consumer Price Index (CPI) rather than real market prices. This fundamentally compromises the funding model recommended by the Productivity Commission (PC) and threatens the future affordability and quality of ECEC. The proposed funding model only works if the benchmark price, which determines government subsidies, reflects the true cost of providing ECEC and is adjusted regularly to stay in line with increased market costs. Benchmark prices should be pegged to real market prices and adjusted every 6 months, as the Productivity Commission recommended, to ensure the affordability of ECEC for all Australian families.

ECEC costs increase at a rate far higher than the CPI which, for the last four financial years, has fluctuated between 1.7 and 2.6 per cent. In the 2014-2015 financial year CPI was a mere 1.7 per cent.³² As the RIS on the proposed legislation itself notes, fee assistance has not kept pace with fee increases, and fee growth has been a key issue in the sector. The proposed benchmark price funding model will not keep up with this fee growth even if it slows down as predicted, but not modelled, by the Government. United Voice appreciates that the new funding model potentially decreases the inflationary cost of ECEC, but notes that according to the Government's most recent data there was 'an increase of 9.2 per cent in the average weekly cost of child care per child from September 2013 to September 2014'.³³ According to the ABS, for the same period the CPI was 2.3 per cent, far below the actual increase in ECEC prices that befell Australian families.³⁴ Australian families' out-of-pocket costs for ECEC are already far higher than the OECD average of 17 per cent, with parents spending almost 30 per cent of average wages to cover early learning costs for their children.³⁵ United Voice is also concerned that recent Department of Social Services data indicates that the cost of LDC could increase 6.9 per cent in 2017 - 2018 when the benchmark price funding model comes into effect.³⁶ The benchmark price must be indexed to these real world price increases, so that families' out of pocket costs do not increase.

If the Government chooses not to follow the Productivity Commission six-monthly review recommendation, United Voice recommends the Senate ensure at least a regular, preferably annual, review of the benchmark price in line with real market prices is legislated for in the bill. This could be done in conjunction with, or consideration of, the annual release of the Productivity Commission's Report into Government Services (RoGS), which details annual increases in the median weekly cost of different ECEC services. Other stakeholders have also voiced their concern on the benchmark price being pegged to CPI as opposed to real market prices. For example, ACA recommended the benchmark price be reviewed every three years to keep pace with the true cost of providing ECEC.³⁷

³² Australian Bureau of Statistics, *6401.0 - Consumer Price Index, Australia, September 2015* accessible at <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6401.0>

³³ Department of Education and Training 2015, *Regulation Impact Statement – Jobs for Families Child Care Package*, pg. 18 accessible at http://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bld=r5598

³⁴ Australian Bureau of Statistics, *6401.0 - Consumer Price Index, Australia, September 2015* accessible at <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6401.0>

³⁵ Productivity Commission 2014, *Childcare and Early Childhood Learning, Inquiry Report No. 73*, Canberra, pg. 10. Accessible at <http://www.pc.gov.au/inquiries/completed/childcare/report>

³⁶ Answers to Estimates Question on Notice, Social Services Portfolio, *SQ15-000467 Price Increases in LOCMOCC*, available at http://www.aph.gov.au/Parliamentary_Business/Senate_Estimates/clacctte/estimates/bud1516/Social%20Services/index.

³⁷ ACA Response to the Child Care Assistance Package RIS 31 July 2015, pg. 11, accessible at <http://www.earlychildhoodaustralia.org.au/wp-content/uploads/2015/08/46.-ACA.pdf>

Furthermore, if the Government continues to push for flexible operating arrangements and providers are forced to charge by hourly as opposed to daily fees, the new benchmark price of \$11.55 could be outdated and insufficient when introduced in 2017. Providers have publically stated that costs would increase if they were forced to charge families by the hour or for particular sessions for ECEC services. For example, ACA have noted that a number of their members investigated or trialled hourly billing and swiftly returned to daily billing at the request of families as operating costs increased.³⁸ The largest provider in the country also stated the following in their RIS submission:

Goodstart notes that the hourly fee cap set for the subsidy is based on real fee information that reflects current billing practices to maximise flexibility for families by charging a daily rate that spreads costs across a full day for all attendances. If the Government wants services to shift to hourly billing or sessional billing practices, the hourly cost of these services will increase and the current hourly fee cap would be inadequate and would need to be recalculated and adjusted upwards.³⁹

Professional Wages and the Benchmark Price

The indexation of the benchmark price to CPI as opposed to real market prices is also problematic from a workforce perspective. Even the Government's RIS on the proposed legislation acknowledges that one of the main drivers of fee costs in the ECEC sector is wages, and yet the proposed benchmark price funding model does not recognise professional wages as an intrinsic cost to providing ECEC. ECEC is a labour intensive industry and labour costs are the largest item of expenditure for ECEC services, accounting for around 60 per cent of total costs.⁴⁰

Professional wages are necessary for attracting and retaining staff in the sector and ensuring a stable, professional workforce capable of providing high quality ECEC services for the benefit of children, their families, and the community. United Voice supports a funding system in which funding levels are determined by the actual cost of high quality service delivery, rather than the CPI. To ensure the viability of the sector, and guarantee that wage increases are cost neutral for parents and employers, the benchmark price funding model must recognise professional wages as an intrinsic cost. The benchmark price must also cover increases in wages as a result of regulatory changes, and thus the actual cost of providing ECEC services. For example, IBISWorld predicts that ECEC industry wages are expected to rise by an annualised 5.1 per cent in the five years leading up to 2020-21, reflecting the higher qualifications required under the NQF.⁴¹ If the benchmark price is only indexed to CPI, regulatory changes that directly impact ECEC service costs will not be accounted for.

Recommendations to the Senate:

7. United Voice recommends the Senate ensure the benchmark price funding model is pegged to real market prices, not CPI, and is reviewed and adjusted every six months as per the PC recommendation. If the Government chooses to ignore this recommendation, United Voice recommends the Senate ensure at least an annual review of the benchmark price, in line with real market prices, is legislated for in the bill.

³⁸ ACA Response to the Child Care Assistance Package RIS 31 July 2015, pg. 8, accessible at <http://www.earlychildhoodaustralia.org.au/wp-content/uploads/2015/08/46.-ACA.pdf>.

³⁹ Goodstart Response to the Child Care Assistance Package RIS 3 August 2015, pg. 17, accessible at <http://www.earlychildhoodaustralia.org.au/wp-content/uploads/2015/08/61.-Goodstart.pdf>.

⁴⁰ Productivity Commission 2014, *Childcare and Early Childhood Learning, Inquiry Report No. 73*, Canberra, pg. 964-5. Accessible at <http://www.pc.gov.au/inquiries/completed/childcare/report>

⁴¹ IBISWorld 2015 July, *IBISWorld Industry Report Q8710 Child Care Services in Australia*, pg. 8.

The new activity test is harsh and complex, cutting access to early learning opportunities for too many Australian children

United Voice is concerned that the tougher and more complicated activity test will:

- cut ECEC access for some children;
- reduce ECEC access for others, in particular low-income, vulnerable, at risk and disadvantaged children;
- have a stigmatising effect on already-disadvantaged families;
- negatively impact precariously employed workers who will no longer be able to rely on consistently subsidised ECEC; and
- add complexity for families and services including educators and directors who may be responsible for policing the activity test when their focus should be on developing trusting relationships with families.

The new activity test cuts ECEC access in half for those who need it most: low-income, disadvantaged, and precariously employed families attempting to get a foothold in the labour market. Under the current system, children of these families have access to 24 hours of subsidised early learning every week, but the new activity test cuts this in half to 12 hours per week. Children of families whose parents do not work and earn over \$65,710 will cease to receive any government subsidised early learning at all. In this way, Australia is bucking international trends to provide universal early learning for all children. All children should have access to quality early learning like all children have access to primary school. Children should not be excluded because their parents are struggling to find work, or because their parents work on a casual basis, or even if only one of their parents' works outside the home. Children's development and rights, not workforce participation, should be at the centre of all ECEC policy.

United Voice strongly recommends that the Senate adjust the activity test to minimise these unintended policy consequences and how they impact children, parents, providers and educators in negative ways. United Voice does however welcome the recognition of unpaid work experience and a broader definition of voluntary work in the decision RIS. On volunteering specifically, United Voice does not see why all voluntary work shouldn't meet the activity test as in the current system. More detailed information on the groups affected and United Voice's concerns and recommendations are provided below.

Low-income And Disadvantaged Families

High quality early learning heavily influences opportunities for young Australians – in particular disadvantaged and vulnerable children. Children from socially disadvantaged backgrounds are already less likely to attend ECEC and are more prone to becoming developmentally vulnerable. There is strong evidence that high quality early learning benefits disadvantaged children in terms of cognitive, language and social development. This in turn has a strong impact on academic achievement, employment, social integration and even reduced criminality later on.⁴² The return on investment for expenditure on early learning for disadvantaged and vulnerable children is also much higher than the general population. As the Australian Institute of Health and Welfare notes:

The greater the degree of vulnerability, the more urgent need for early intervention becomes. Vulnerability that is not addressed during periods of peak developmental sensitivity becomes more difficult and more costly to reverse as a child ages and falls further behind his or her peers.⁴³

⁴² Australian Institute of Health and Welfare 2015, *Literature review of the impact of early childhood education and care on learning and development: working paper*. Cat no. CWS 53. Canberra: AIHW, pg 17-18.

⁴³ Ibid, pg 17.

Based on this clear evidence, United Voice joins other sector stakeholders in strict opposition to the activity test that cuts access for many disadvantaged and vulnerable children in half, from effectively two days to one day per week. United Voice recommends the Senate amend the activity test to ensure children from families who do not meet the activity test have access to at least two days or preferably 30 hours of early learning every week.

In addition to the harsher activity test, United Voice is concerned that other parts of the Government's legislation aimed at reforming ECEC access and funding for disadvantaged and vulnerable children remains unclear. For example, United Voice has concerns regarding the funding changes to Aboriginal Budget Based Services and their impact on the ongoing viability of these services. United Voice urges the Senate to thoroughly investigate these proposed changes and ensure Aboriginal and Torres Strait Islander children are not worse off under the proposed legislation. There are high concentrations of vulnerability in these communities and the significant benefits these children gain from regular high quality ECEC must be guaranteed.

Casual Workers

Harming casual and seasonally employed workers was not the intention of the activity test and actually works against the workforce participation goals of the broader reforms. These working parents will have varying ECEC costs from week to week making it difficult for them to budget for their ECEC costs and thus their workforce participation. This could leave more vulnerable families at risk of acquiring debts to the government for their ECEC use because of their movement between activity levels, and even the mainstream and additional childcare subsidy. There will also be a direct impact on children whose attendance may become sporadic or end abruptly due to their parent/s' movements between the activity test.

United Voice recommends the Senate ensure casual workers are not unfairly disadvantaged by the activity test by including appropriate averaging and transitional arrangements. United Voice also recommends an 'exceptional circumstances' exemption is implemented when families have unexpected changes in their employment conditions or rosters. United Voice notes that the Productivity Commission recommended a three month exemption and that other stakeholders are recommending a six week 'exceptional circumstances' exemption. United Voice urges the Senate to include a generous exemption so that continuity of care is guaranteed for children and families have adequate time to respond and adjust to changes whilst maintaining access to government subsidised early learning.

Parents need access to ECEC to find new, or increase existing, workforce participation opportunities. The demand for ECEC also means parents can not simply withdraw their children from ECEC one week and return them in the following month when they have more shifts secured. Parents should also be allowed to combine different types of activity such as study, work and volunteering to ensure they can retain access to government subsidised ECEC and thus maintain and/or increase their workforce participation. United Voice does welcome the move for casual workers to estimate their fortnightly average hours of activity over a three month period but believes more needs to be done to ensure they are not disadvantaged. There will be cases where an average methodology will mean that workers do not have access to enough child care subsidy to meet their work commitments in some fortnights. This would be an unacceptable outcome and would increase barriers to work for many low-income families. We suggest that an estimation methodology is adopted that allows workers to estimate their activity and ECEC needs over a six fortnight period as this will ensure working families have access to adequate subsidy and ECEC when they need it.

Example - Casual Aged Care Worker

Jacqui is a casual aged care worker at her local nursing home and mum to two young children, Amy and Ben. Her husband Sam works full time as a mechanic. Amy and Ben both attend LDC two days per week and this allows Jacqui to tell her boss that she is available for shifts on Thursday and Fridays. However, as a casual Jacqui doesn't get guaranteed shifts. Most weeks Jacqui works two three hours shifts totalling 12 hours' work per fortnight. However, sometimes Jacqui only gets one three hour shift each week, totalling 6 hours of 'activity' a fortnight. At these times, the family struggles to pay the weekly ECEC bill, even with the government subsidy, but chooses to do so because Jacqui is hoping to get a more permanent position and/or get rostered on for the longer 8 hour shifts in the near future.

Under the current system Jacqui can maintain this workforce participation because she has two days government subsidised childcare guaranteed. This will change under the Government's proposed legislation. Under the new activity test Jacqui may not be able to maintain her workforce participation because in some fortnights she will only work 6 hours and won't meet the first step of the activity test that requires 8-16 hours of 'activity' to qualify for any government subsidised ECEC. This means her family won't be able to afford the ECEC bill for that fortnight. Jacqui is already low-paid and as a result her government subsidy for ECEC is significant, it covers more than half of her ECEC costs. This means when there is no government subsidy, the ECEC bill is just too much for the family budget. Jacqui wants to keep working and increase her shifts but under the new activity test this will be difficult. Jacqui could be forced to quit her job and deny both Amy and Ben early learning opportunities.

Jacqui cannot use ECEC on a casual basis, if she is forced to withdraw Amy and Ben, even for one day per week they will lose their spots. There is high demand for ECEC services in the local area and Jacqui will have to put her children back on year-long waiting lists at various centres. This is not good for Amy and Ben's continuity of care and early learning. In the meantime, if Jacqui is finally offered those extra, longer shifts or even a permanent part-time position, she will have to say no to her employer because Jacqui just won't have the ECEC access she needs to allow her to work.

Under the current system:

Jacqui gets access to 24 hours or two days government subsidised early learning for both Amy and Ben regardless of whether she gets one or two shifts per week. This allows her to maintain and work towards increasing her workforce participation.

Under the proposed system:

Jacqui will lose access to government subsidised early learning in the fortnights where she is only offered two 3 hour shifts and her ECEC bills will be too expensive for the family budget. Jacqui may have to quit her job or look elsewhere for more permanent work. Amy and Ben will miss out on important early learning opportunities.

Overall, the Government's stricter activity test could mean fewer parents contributing to the Australian economy and definitely fewer low-income and disadvantaged children getting access to the quality ECEC they so clearly benefit from. The Productivity Commission already estimates that there are approximately 165,000 parents who would like to work, or increase their hours, but are unable to because of difficulties in accessing childcare.⁴⁴ The stricter activity test could exacerbate these numbers, especially for parents who are in precarious and thus often low-paid work. This is especially the case for low-paid women, who are already less likely to access ECEC and are far more likely to be casually employed. The FWC notes that 50 per cent of low-paid women are employed on a casual basis.⁴⁵ Many of these low-paid women are concentrated in industries that United Voice represents, such as hospitality and aged care so we have serious concerns about the impact the proposed activity test will have on these women and their children. United Voice is disappointed the Government has not modelled whether the new activity test will lead to any withdrawal of people from the workforce.

Working Families

Even working families will be worse off under the activity test. To prevent working families where both parents work paying more for ECEC under the proposed legislation than they do now, United Voice recommends the senate amend the eligible hours for the first step of the activity test from 36 to 40 hours.

United Voice is also concerned for working families who only have one parent working but earn more than \$65,710 per annum. Under the proposed activity test, these families will no longer qualify for any government subsidised ECEC making early learning opportunities for their children unaffordable. Families who earn \$70,000 per annum but only have one parent working are not wealthy and these children need government subsidised ECEC. There are several potential cliffs in the proposed activity test system and the Senate should ensure appropriate transitional arrangements such as tapering off ECEC access in line with income levels are implemented as part of the legislation. Tapering ECEC access for families who only have one parent working but are still on low-incomes will mean their children's access to early learning opportunities won't be cut off suddenly or preferably not at all.

It is clear from the proposed activity test that the Government has not prioritised the rights of the child and child development in their ECEC policy changes. All children should have access to quality early learning like all children have access to primary school. United Voice encourages the senate to privilege all children's rights and needs in their scrutiny of the Government's legislation and consider the genuine impacts of the activity test on all Australian families.

Administrative Burden on Providers, Educators and Parents

It also still remains unclear whether the Department of Education, Social Services, or providers will be responsible for policing the three-tiered activity test and any transitional arrangements put in place. This places an onerous responsibility on centre directors to manage the activity test and could lead to relationships with families being compromised and/or the stigmatisation of children. The stricter activity test will also impose a heavy administrative burden on providers, government (Centrelink), parents and educators. United Voice calls on the Senate to ensure the Government re-thinks their new activity test and how it impacts children, parents, providers and educators in negative ways.

⁴⁴ Productivity Commission 2014, *Childcare and Early Childhood Learning, Inquiry Report No. 73*, Canberra, pg. 11. Accessible at <http://www.pc.gov.au/inquiries/completed/childcare/report>

⁴⁵ Broadway, B & Wilkins, R. 2015, *Low-paid women's workforce participation decisions and pay equity*, Melbourne Institute of Applied Economic and Social Research, Fair Work Commission, pg. 17 and pg 26.

Recommendations to the Senate:

- 8.** United Voice recommends the Senate ensure that vulnerable children whose parents do not meet the activity test have a minimum of 24 hours (preferably 30 hours) of subsidised early learning each week.
- 9.** Similarly, United Voice recommends the Senate ensure that children at risk of abuse or neglect as well as vulnerable children, particularly those from Aboriginal and Torres Strait Islander communities, not be worse off under the reforms.
- 10.** United Voice recommends the Senate ensure casual workers are not disadvantaged by the activity test and can have secure, ongoing, government-subsidised ECEC that allows them to manage and increase their workforce participation. For example, through appropriate averaging, transitional and exemption arrangements.
- 11.** United Voice recommends the Senate ensure the legislation allows families to combine different types of activity such as work, study and volunteering so that they can maintain affordable access to government subsidised ECEC for their children.
- 12.** United Voice recommends the Senate amend the eligible hours for the first step of the activity test from 36 to 40 hours so that working families are not worse off under the Government's reforms.
- 13.** United Voice recommends the Senate investigate options so that families who earn more than \$65,710 per annum and only have one parent working do not automatically and suddenly have their government subsidised ECEC cut. Many of these families are still on low-incomes and their children should have access to early learning opportunities.



There has been a lack of consultation by the Government and a lack of meaningful evidence, data and modelling released to appropriately assess the changes

United Voice is deeply concerned that the legislation's impact on families, providers, children, and the workforce have not been quantified making it difficult to assess how many and what type of families will be worse off under the Government's proposed legislation. The decision RIS supplied a lack of meaningful evidence, data and modelling rendering a cost-benefit analysis of different reform options impossible. Throughout the RIS process, only the status quo, the productivity commission recommendations or the Government's proposed policies were presented. This prevented a thorough investigation and comparison of individual policy options. For example a 'no change option' was notably absent in relation to the stricter activity test preventing stakeholders from voicing their collective concerns about the change. It is also impossible to assess how much of the new funding will be allocated to the new ICT system as opposed to policy options that improve the quality and affordability of ECEC for Australian families. Much of the technical policy detail is also not clear from the legislation and explanatory memorandum. United Voice therefore recommends that the Senate should be able to consider key ministerial determinations that have a direct impact on policy settings before it finalises its committee report.

Consultation has also been haphazard and politicised. For example, the Stakeholder Reference Group for the Child Care and Early Learning Sector, which United Voice participates in, met only three times. These meetings were not so much consultation sessions as information sessions. The Ministerial Advisory Council on Child Care and Early Learning is invite only and its membership does not reflect key stakeholders in the sector. This council should include peak bodies and employer organisations from all states and territories as well as the larger ECEC providers in the country. Goodstart, the largest ECEC provider in the country, and The Parenthood which represents an obvious key stakeholder in the sector – parents – is notably absent from the council. These stakeholders should be included along with unions who represent thousands of educators who are at the coalface of ECEC delivery every day.⁴⁶

United Voice looks forward to working with the Department of Education more constructively if and when the Government's reforms are implemented. Consultation during and after reforms is crucial. Our members have unique insights into how the reforms will impact both children and parents on a daily practical basis. Consultation is especially crucial during the transition plan that, according to the Government's RIS, includes a targeted social media campaign to providers and educators. United Voice can play a constructive role in this information campaign.

Recommendations to the Senate:

- 14.** United Voice recommends the Government immediately release all data, research and evidence used in developing the legislation so that the Senate can make an informed assessment of its impact on Australian families.
- 15.** United Voice recommends the Senate should be able to consider key ministerial determinations that have a direct impact on policy settings before it finalises its committee report.
- 16.** United Voice recommends the Senate ensure that consultation processes with the ECEC sector are reviewed by the Department of Education.

⁴⁶ <https://www.education.gov.au/ministerial-advisory-council-child-care-and-early-learning>

Miscellaneous policy issue of increased compliance for ECEC providers

United Voice welcomes the Government's enhanced compliance program for approved and new providers to ensure responsible financial management and business viability of ECEC services. There is increasing consolidation occurring in the sector, as well as a growing number of listed ECEC providers. Our experience with the collapse of ABC Learning taught us that compliance and regulation of such a heavily government subsidised industry is important to ensure the best use of taxpayers' funds and guarantees long-term, high quality ECEC for Australian children.

Conclusion

United Voice would like to work with the Government to progress the agenda for a well-funded high quality ECEC system for all Australian children and welcomes this opportunity to comment on the Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015.

However, United Voice would also like to reiterate its concerns around the absence of any consideration of workforce challenges and implications in the reforms, the unsustainable funding model hidden in the detail of the package and the much harsher and complex activity test that will unfairly cut ECEC access for those who need it most. United Voice calls on the Senate to pay attention to these key issues and improve the Bill accordingly.

United Voice looks forward to the Senate hearings so the committee can investigate the issues of affordability, accessibility and quality in the ECEC sector more holistically.

For more information on this submission, please contact Dr Emma Cannen via emma.cannen@unitedvoice.org.au or (02) 8204 3041.

