

The Senate

Education and Employment
Legislation Committee

Family Assistance Legislation Amendment
(Jobs for Families Child Care Package)
Bill 2016 [Provisions]

Social Services Legislation Amendment
(Family Payments Structural Reform and
Participation Measures) Bill 2016
[Provisions]

October 2016

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RECOMMENDATIONS

Recommendation 1

2.101 The committee recommends that both bills be passed.

CHAPTER 1

Background

Referral

1.1 On 15 September 2016, the Senate referred an inquiry into the Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2016 [Provisions] (Jobs for Families bill), and the Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2016 [Provisions] (Social Services bill) to the Education and Employment Legislation Committee for inquiry and report by 10 October 2016.

Conduct of the inquiry

1.2 Details of the inquiry were made available on the committee's website. The committee also contacted a number of organisations inviting submissions to the inquiry. Submissions were received from 50 individuals and organisations, as detailed in Appendix 1.

1.3 Public hearings were held in Melbourne on 3 and 4 October 2016. A list of witnesses can be found in Appendix 2.

Background

1.4 The bills seek to reform family assistance for child care by introducing the Child Care Subsidy, and an Additional Child Care Subsidy, and increase the rate of the Family Tax Benefit Part A payments and introduce a new rate structure for Family Tax Benefit Part B.

1.5 Introduced by the Hon Christian Porter MP, Minister for Social Services, the two bills seek to reintroduce major reforms under the Australian Government's Jobs for Families Child Care Package.

1.6 The Jobs for Families bill seeks to amend various Acts in relation to family assistance for child care. Its key measures are:

- the introduction of the Child Care Subsidy, replacing two current payments: the Child Care Benefit and Child Care Rebate;
- the introduction of an Additional Child Care Subsidy, available under certain circumstances and at various rates; and
- new approved provider and service requirements, to come into effect from July 2018.

1.7 The Social Services bill seeks to reform Family Tax Benefit Part A (FTB A) and at-home under-18 year old youth fortnightly rates. Its key measures are:

- to increase the fortnightly rates of FTB A by \$10.08 for each FTB child in the family up to the age of 19 years, with an equivalent fortnightly rate increase of around \$7.48 for certain youth allowance and disability support pension recipients under the age of 18; and
- introduce a new rate structure for FTB B, and make other amendments to the rules for FTB B by:
 - increasing the standard rate by \$1 000.10 per year for families whose youngest child is under one year of age;
 - maintaining the current standard rates for families with a youngest child aged between one and under five, and between five and under 13 years of age;
 - maintaining the current standard rate for single parents who are at least 60 years of age, grandparents and great-grandparents with a youngest child aged between 13 and 18;
 - introducing a reduced standard rate of \$1 000.10 per year for individuals whose youngest child is aged 13 to 16 (currently \$2 832.40), and who are not single parents aged 60 or more or grandparents or great-grandparents; and
 - remove entitlement to FTB Part B for single parent families who are not single parents aged 60 or more or grandparents or great-grandparents, from 1 January of the calendar year their youngest child turns 17.¹

Previous consideration of the bills

1.8 Both bills were introduced into the 44th Parliament, and were each the subject of inquiries by Senate committees. Owing to the dissolution of the parliament, the bills lapsed and were reintroduced into the 45th Parliament by the Hon Christian Porter MP, on 1 September 2016.

Jobs for Families bill

1.9 The Senate Education and Employment Legislation Committee (Education and Employment Committee) has previously inquired into an earlier version of the Jobs for Families bill, and tabled its report on 4 April 2016.²

1.10 The Education and Employment Committee noted that the simplified system to be introduced by the Child Care Subsidy had 'attracted praise from most submitters'.³

1 Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2016, *Explanatory Memorandum*, p. 6.

2 Senate Education and Employment Legislation Committee, *Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015 [Provisions]*, April 2016.

1.11 However, the Education and Employment Committee also noted that 'other elements of the bill drew criticism and concerns from many submitters', including the activity test provision.⁴

1.12 The Education and Employment Committee concluded that the emphasis of the bill is to provide a greater subsidy rate to families earning the least and more hours of subsidy to families who work the most:

This approach, the committee believes, is in line with community expectations, whereby subsidies and assistance are targeted at those whom they will most benefit and reducing the subsidisation of those with the means to pay a greater proportion of the costs themselves.⁵

1.13 The Education and Employment Committee conducted a public hearing in March 2016, and heard from representatives of Early Childhood Australia, The Parenthood, Secretariat of National Aboriginal and Islander Child Care and the Department of Education and Training.

1.14 The committee recommended that the Senate pass the bill.

Social Services bill

1.15 The Senate Community Affairs Legislation Committee (Community Affairs committee) has previously inquired into an earlier version of the Social Services bill, and tabled its report on 1 March 2016.⁶

1.16 In its report, the Community Affairs Committee noted that:

Most submitters and witnesses supported reforms to the FTB payments system to ensure it is simpler, fairer and better targeted, and supported the rate increases for certain cohorts. However, submitters and witnesses generally opposed the proposed reduced payment rate for certain families and expressed concerns about the following issues:

Impacts on low income families and vulnerable families, such as single parents and families of children with disability;

The costs of raising children increase with children's age, while the measures propose a corresponding reduction in payments.

3 Senate Education and Employment Legislation Committee, *Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015 [Provisions]*, April 2016, p. 9.

4 Senate Education and Employment Legislation Committee, *Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015 [Provisions]*, April 2016, p. 9.

5 Senate Education and Employment Legislation Committee, *Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015 [Provisions]*, April 2016, p. 23.

6 Senate Community Affairs Legislation Committee, *Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill (No. 2) 2015*, 1 March 2016.

The proposed increases do not compensate for the loss of supplements.

The proposed amendments do not appropriately encourage greater workforce participation.

IT and payroll system upgrades may not address end of year FTB debts.⁷

1.17 The Community Affairs Committee conducted a public hearing in February 2016, and heard from the Australian Council of Social Service, The Parenthood, UnitingCare Australia, National Council of Single Mothers and their Children, Australian Catholic Council for Employment Relations, Catholic Social Services Australia, CatholicCare Melbourne & Gippsland, National Welfare Rights Network, Grandparents Australia, National Council of Women of Australia, Children with Disability Australia and the Department of Social Services.

1.18 The committee recommended that the Senate pass the bills.

Scrutiny of Bills Committee

1.19 The Senate Committee on the Scrutiny of Bills (Scrutiny of Bills Committee) drew attention to certain provisions of the Jobs for Families bill 2015, including:

- review rights;
- delegation of legislative power—Henry VIII clause; and
- trespass on personal rights and liberties—strict liability;

1.20 The Scrutiny of Bills Committee sought responses from Senator the Hon Simon Birmingham, Minister for Education and Training, and published those responses in its Fifth Report of 2016.⁸

Changes in the 2016 bills

Jobs for Families bill

1.21 Changes to the Jobs for Families bill relate to the dates of commencement of particular schedules, taking into account the prorogation and subsequent re-introduction of the bill. The Department of Education and Training set out the changes in their submission. The majority of the changes relate to correcting 'drafting errors and to give effect to policy intent', including:

- a new rule making power that will enable the Minister to determine circumstances in which children over the age of 13 and/or are attending secondary school may be eligible for the child care subsidy;

7 Senate Community Affairs Legislation Committee, *Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill (No.2) 2015 [Provisions]*, March 2016, p. 8.

8 Senate Standing Committee on the Scrutiny of Bills, *Fifth Report of 2016*, 3 May 2016.

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- the removal of potential unintended consequences in relation to the way that services calculate attendances when issuing a certificate in relation to a child;
 - the expansion of the Secretary's power to make case by case decisions about an individual's Activity Test Result; and
 - correction of an omission from the 2015 iteration of the bill that would have left the Secretary's decisions in relation to grant funding open to review.

Social Services bill

1.22 Changes to the Social Services bill relate to the commencement date for Schedule 2 of the bill, which has been changed from 1 July 2016 to 1 July 2017.

Human rights implications

1.23 The Explanatory Memorandum asserts that the Jobs for Families bill is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.⁹

1.24 In relation to Human Rights obligations, the Explanatory Memorandum for the Jobs for Families bill notes:

The current system is complex and difficult for families to navigate. It is inflexible and does not effectively meet families' workforce participation needs. Measures in the Bill are compatible with and advance human rights under the ICCPR, the CEDAW, the CRC and the ICESCR which will ultimately enable parents who wish to work, or to work more, by providing a simpler, more affordable, more flexible and more accessible child care system. As described above, to the extent that the proposed Bill may limit some rights, those limitations are reasonable, necessary and proportionate.¹⁰

1.25 The Explanatory Memorandum asserts that the Social Services bill is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the Human Rights (Parliamentary Scrutiny) Act 2011.¹¹

Financial impact

1.26 The measures in the Jobs for Families bill form part of the Government's investment of approximately \$40 billion in child care support over the forward

9 Family Assistance Legislation Amendment (Jobs For Families Child Care Package) Bill 2016, *Explanatory Memorandum*, p. 6.

10 Family Assistance Legislation Amendment (Jobs For Families Child Care Package) Bill 2016, *Explanatory Memorandum*, p. 15.

11 Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2016, *Explanatory Memorandum*.

estimates. This includes more than \$3 billion of additional expenditure to support the implementation of the Jobs for Families Child Care Package.¹²

Jobs for Families legislative measure	Funding	Years
Child Care Subsidy	\$23.2 billion	Over two years from 2018-19
Additional Child Care Subsidy	\$173 million	Over two years from 2018-19

Family Assistance Legislation Amendment (Jobs For Families Child Care Package) Bill 2016, *Explanatory Memorandum*.

1.27 The measures in the Social Services bill seek to provide savings in order to fund the Jobs for Families Child Care Package.¹³

Measure	Financial impact over the forward estimates (fiscal balance, whole of government)
Reform Family Tax Benefit Part A and at-home under-18 year old youth fortnightly rates	Cost of \$1 166.7 million
Reforms to Family Tax Benefit Part B	Saving of \$787.9 million
Phase out the Family Tax Benefit Part A and Part B supplements	Saving of \$6 253.2 million

Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2016, *Explanatory Memorandum*.

Acknowledgement

1.28 The Committee thanks those individuals and organisations who contributed to the inquiry by preparing written submissions or by appearing at the public hearing.

12 Family Assistance Legislation Amendment (Jobs For Families Child Care Package) Bill 2016, *Explanatory Memorandum*, p. 4.

13 Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2016, *Explanatory Memorandum*, p. 2.

CHAPTER 2

Issues for consideration

Context of the bills

2.1 As discussed in Chapter 1, earlier versions of both bills were examined by Senate Committees during the previous parliament, and reports were tabled in the Senate.

2.2 As there are few changes to the bills currently being considered, this report will provide a brief overview of those bills and then focus on several key issues raised by submitters to the inquiry and witnesses who appeared at the committee's public hearings.

2.3 This chapter sets out:

- an overview of both bills; and
- key issues raised during this inquiry, including:
 - workforce participation;
 - the proposed activity test contained in the Jobs for Families bill;
 - Budget Based Funding (BBF);
 - the use of savings from the Social Services bill to fund the Jobs for Families Child Care Package; and the
 - potential impact of the Social Services bill on families.

Overview of the bills

Jobs for Families bill

2.4 The Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2016 (Jobs for Families bill) reintroduces major reforms under the government's Jobs for Families Child Care Package.¹

2.5 The Hon Christian Porter MP, Minister for Social Services, set out in the second reading speech for the Jobs for Families bill, that '[t]his is the single largest investment in early learning and child care that Australia has ever seen', and that:

This package will deliver genuine, much-needed reform for a simpler, more affordable, more accessible and more flexible early education and childcare system and will invest around \$40 billion in child care and early childhood

1 The Hon Christian Porter MP, Minister for Social Services, *House of Representatives Hansard*, 1 September 2016, p. 32.

education over the next four years, including more than \$3 billion in additional funding.²

2.6 The package is intended to simplify the existing child care system, by improving affordability, accessibility and flexibility.³

Productivity Commission Report

2.7 The Jobs for Families Child Care package is the Australian Government's response to a report by the Productivity Commission into Childcare and Early Childhood Learning. The Productivity Commission reported in October 2014.⁴

2.8 The Productivity Commission reported that this form of care is of great significance:

Formal and informal Early Childhood Education and Care (ECEC) services play a vital role in the development of Australian children and their preparation for school, and in enabling parents to work. Many families use a mix of formal ECEC and informal, non-parental care.

The number of formal ECEC services has expanded substantially over the past decade. Over the same period, Australian Government funding has almost tripled to around \$7 billion per year, and now covers two thirds of total ECEC costs. Despite this, many parents report difficulties in finding ECEC at a location, price, quality and hours that they want.⁵

2.9 The Productivity Commission recommended reforms to achieve a more accessible, flexible and simpler system, focussing on three priority areas:

- a single means and activity tested child-based subsidy, paid directly to the approved service;
- inclusion of children with additional needs in mainstream services, and delivery of services for children in disadvantaged communities; and
- funding on a per child basis for approved preschool programs.⁶

2 The Hon Christian Porter MP, Minister for Social Services, *House of Representatives Hansard*, 1 September 2016, p. 32.

3 The Hon Christian Porter MP, Minister for Social Services, *House of Representatives Hansard*, 1 September 2016, p. 32.

4 Productivity Commission, *Childcare and Early Childhood Learning, Inquiry Report No. 73*, 2014. The report was publicly released in February 2015.

5 Productivity Commission, *Childcare and Early Childhood Learning, Inquiry Report No. 73 - Overview*, 2014, p. 2.

6 Productivity Commission, *Childcare and Early Childhood Learning, Inquiry Report No. 73 - Overview*, 2014, p. 2.

Child Care Subsidy

2.10 The main provision of the Jobs for Families bill is the proposed introduction of the Child Care Subsidy, which will be a single, means-tested subsidy paid directly to service providers to be passed on to families. The new subsidy is intended to simplify the existing multi-payment system, and will be better targeted, providing 'more assistance to low and middle income families'.⁷

2.11 The subsidy will be allocated according to the combined family income, and the meeting of an activity test. The subsidy rate will taper at one per cent for every \$3 000 of family income. For families earning more than \$185 710, an annual subsidy cap of \$10 000 per child will apply. The table below sets this out.

Combined family income	Subsidy percent of the actual fee charged
Up to \$65 710	85%
More than \$65 710 to below \$170 710	Tapering to 50%
\$170 710 to below \$250 000	50%
\$250 000 to below \$340 000	Tapering to 20%
\$340 000 or more	20%

Department of Education and Training, *Jobs for Families Child Care Package Overview*.⁸

Activity test

2.12 The amount of hours of child care subsidy accessible by families will be determined by an activity test which will categorise families into three tiers, or steps. The table below sets out the hours of child care subsidy accessible per number of hours of activity.⁹

7 Department of Education and Training, *Jobs for Families Child Care Package Overview*, https://docs.education.gov.au/system/files/doc/other/a3_overview.pdf (accessed 21 September 2016).

8 Department of Education and Training, *Jobs for Families Child Care Package Overview*, https://docs.education.gov.au/system/files/doc/other/a3_overview.pdf, (accessed 21 September 2016).

9 Department of Education and Training, *Jobs for Families Child Care Package Overview*, https://docs.education.gov.au/system/files/doc/other/a3_overview.pdf, (accessed 21 September 2016).

Step	Hours of activity (per fortnight)	Maximum number of hours of subsidy (per fortnight)
1	8 hours to 16 hours	36 hours
2	More than 16 hours to 48 hours	72 hours
3	More than 48 hours	100 hours

Department of Education and Training, *Jobs for Families Child Care Package Overview*.¹⁰

2.13 The activity test requirements will take into account:

- paid work;
- self-employment;
- unpaid work in a family business;
- looking for work;
- volunteering; or
- studying.¹¹

2.14 Those families who do not meet the minimum requirements for the activity test may be eligible for the Additional Child Care Subsidy.

Additional Child Care Subsidy

2.15 For some families who do not meet the activity test, the Additional Child Care Subsidy (ACCS) is proposed as a 'top up payment' in addition to the Child Care Subsidy.

2.16 The ACCS is part of the Child Care Safety Net, and recognises that extra support is needed for some vulnerable children, including:

- children at risk of serious abuse or neglect;
- families experiencing temporary financial hardship;

10 Department of Education and Training, *Jobs for Families Child Care Package Overview*, https://docs.education.gov.au/system/files/doc/other/a3_overview.pdf (accessed 21 September 2016).

11 Department of Education and Training, *Jobs for Families Child Care Package Overview*, https://docs.education.gov.au/system/files/doc/other/a3_overview.pdf (accessed 21 September 2016).

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- grandparents on income support who are the primary carer of their grandchildren;
 - parents transitioning to work from income support; and
 - low income families who do not meet the activity test.¹²

2.17 The Department of Education and Training set out that the name of the subsidy for children at risk of serious abuse or neglect has changed from Additional Child Care Subsidy (At Risk) to Additional Child Care Subsidy (Child Wellbeing). The Department of Education and Training explained the reason for the change of name:

This change was prompted by feedback from the sector that the original name of the payment could deter families from accessing this additional support, which is at odds with the policy intent. While the name has changed, the intent, design and application of the subsidy remain the same.¹³

2.18 There are four types of ACCS payments, established in the following hierarchy:

- ACCS (child wellbeing);
- ACCS (grandparent);
- ACCS (temporary financial hardship);
- ACCS (transition to work).

2.19 The Explanatory Memorandum for the Jobs for Families bill sets out that where a person may be eligible for more than one type of ACCS for a session of care, the type higher up in the hierarchy will take precedence.¹⁴

2.20 For example, if a person is eligible for the transition to work ACCS as well as the grandparent ACCS, they will receive the grandparent ACCS.

Social Services bill

2.21 The main provisions of the Social Services bill seek to reform Parts A and B of the Family Tax Benefit (FTB) by increasing the fortnightly rates of FTB Part A (FTB A) and introducing a new rate structure for FTB Part B (FTB B). The Social

12 Department of Education and Training, *Jobs for Families Child Care Package Overview*, https://docs.education.gov.au/system/files/doc/other/a3_overview.pdf (accessed 21 September 2016).

13 Department of Education and Training, *Submission 13*, p. 2.

14 Family Assistance Legislation Amendment (Jobs For Families Child Care Package) Bill 2016, *Explanatory Memorandum*, p. 35.

Services bill also seeks to phase out FTB A and B supplements by reducing the payments until they cease on 1 July 2018.

2.22 The Family Tax Benefit (FTB) is an income tested two part payment made to families to assist with the cost of raising children. Part A is a per child payment which is made to eligible families, while Part B payments provide added assistance to single parents and families with one main income.

2.23 The Social Services bill's key measures seek to:

- increase the fortnightly rates of FTB A by \$10.08 for each FTB child in the family up to the age of 19 years, with an equivalent fortnightly rate increase of around \$7.48 for certain youth allowance and disability support pension recipients under the age of 18;
- introduce a new rate structure for family tax benefit Part B (FTB B), and make other amendments to the rules for FTB B by:
 - increasing the standard rate by \$1 000.10 per year for families whose youngest child is under one year of age;
 - maintaining the current standard rates for families with a youngest child aged between one and under five and between five and under 13 years of age;
 - maintaining the current standard rate for single parents who are at least 60 years of age, grandparents and great-grandparents with a youngest child aged between 13 and 18;
 - introducing a reduced standard rate of \$1 000.10 per year for individuals whose youngest child is aged 13 to 16 (currently \$2 832.40), and who are not single parents aged 60 or more or grandparents or great-grandparents; and
 - remove entitlement to FTB Part B for single parent families who are not single parents aged 60 or more or grandparents or great-grandparents, from 1 January of the calendar year their youngest child turns 17;
- phase out FTB A and B supplements by:
 - reducing FTB Part A supplement to \$602.25 a year in 2016-17, and to \$302.95 a year from 1 July 2017 and ceasing on 1 July 2018; and
 - reducing FTB Part B supplement to \$302.95 a year in 2016-17, and to \$153.30 a year from 1 July 2017, and ceasing on 1 July 2018.¹⁵

2.24 In the Senate inquiry about the previous bill, the Community Affairs Committee heard that the measures:

15 Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2016, *Explanatory Memorandum*, p. 1.

...are to do with the sustainability of the system, as well as to encourage anticipation and help pay for the Jobs for Families measures. In that sense, we know that better targeting FTB B will assist the sustainability of the welfare payment system.¹⁶

Key issues – Jobs for Families bill

2.25 In this section, key issues for consideration relating to the Jobs for Families bill will be discussed, including:

- the effect of the bills on enhanced workforce participation;
- the activity test contained in the Jobs for Families bill; and
- Budget Based Funding (BBF);

2.26 The committee notes the broad support from submitters and witnesses to the reforms proposed by the Jobs for Families bill.

2.27 A joint submission was received from four major representative groups, including Australian Childcare Alliance, Early Childhood Australia, the Early Learning and Care Council of Australia and Goodstart Early Learning. The organisations also appeared together at the committee hearing. In his opening remarks to the committee, Mr Bernie Nott, Co-Chair of the Early Learning and Care Council of Australia, stated:

We support the broad reforms in the jobs for families package; however, the bill is not perfect. It needs minor changes to better deliver on child development objectives. But it does promise a more generous, simpler and better targeted childcare subsidy, leaving some 800,000 working families better off.¹⁷

Workforce Participation

2.28 According to the Explanatory Memorandum for the Jobs for Families bill:

The objective of the Jobs for Families Child Care Package is to improve access to quality education and child care, support parents as they balance work and family responsibilities, and enable greater engagement with the workforce.¹⁸

16 Mr Scott Rollason, General Manager, Family Day Care Australia, *Committee Hansard*, 3 October 2016, p. 23.

17 Mr Bernie Nott, Co-Chair, Early Learning and Care Council of Australia, *Committee Hansard*, 3 October 2016, p. 10.

18 Family Assistance Legislation Amendment (Jobs For Families Child Care Package) Bill 2016, *Explanatory Memorandum*, p. 6.

2.29 Increased workforce participation is therefore considered to be an important goal for many Australian families, and the Jobs for Families bill is designed to help facilitate this through increases in subsidised child care:

This package will deliver genuine reform by encouraging greater workforce participation and productivity and by meeting families' needs by providing increased subsidised child care.¹⁹

2.30 Historically, subsidised child care has assisted women to return to work following the birth of their children. The Productivity Commission noted, in its 2014 report into Early Childhood Education and Care, that:

Almost all of Australia's 3.8 million children aged 12 years or under have participated in some type of early childhood education and care (ECEC), and for around half of these children, formal or informal ECEC is the usual type of care.²⁰

2.31 Further, they note that the rate of women returning, or wishing to return, to work after the birth of children is increasing:

The workforce participation rate of mothers with a child under 15 years has grown from 57 per cent to 67 per cent over the past two decades.²¹

2.32 Submitters to the inquiry generally praised the Jobs for Families bill's intention to increase participation in the workforce and invest in early childhood education and care. For instance, Family Day Care Australia submitted that the bill has:

...the potential to benefit the majority of families utilising ECEC, through more affordable ECEC and hence increased participation, which will lead to better learning and developmental outcomes for more of Australia's children and support increased workforce participation.²²

2.33 This view was supported at the hearing by Early Learning and Care Council of Australia (ELCCA):

There is also the mounting evidence from research in workforce participation that every increase in workforce participation will deliver to the bottom line. We feel that this reform package will contribute significantly in that sense.²³

19 Ms Jackie Wilson, Acting Secretary, Department of Education and Training, *Committee Hansard*, 4 October 2016, p 21.

20 Productivity Commission, *Childcare and Early Childhood Learning, Inquiry Report No. 73 - Overview*, 2014, p. 3.

21 Productivity Commission, *Childcare and Early Childhood Learning, Inquiry Report No. 73 - Overview*, 2014, p. 5.

22 Family Day Care Australia, *Submission 18*, p. 4.

23 Mr Bernie Nott, Co-Chair, Early Learning and Care Council of Australia, *Committee Hansard*, 3 October 2016, p. 11.

2.34 Goodstart Early Learning referred to a modelling report that it commissioned and provided to the committee as part of its submission.²⁴

The model is for a specific package and shows around 20,000 equivalent full-time workers would join the workforce within three to 10 years, and within three years the budget would receive an extra billion dollars in tax revenues and welfare savings as a result of those additional workers and the higher productivity as a result.²⁵

2.35 Goodstart Early Learning also argued that in addition to boosting the current workforce by encouraging more parents to work, investing in early childhood education and care would have long-term positive effects:

Getting the policy settings right for the Early Childhood Education and Care...sector offers a significant opportunity for Australia to improve our national human capital potential well into the future with the added benefit of improving our productivity in the short term by promoting women's workforce participation.

Ensuring all children have access to quality early learning is in Australia's best long-term interests because investing in early learning now will increase our future productivity and make Australia's economy more competitive in the future.²⁶

2.36 The Hon Christian Porter, Minister for Social Services, stated that the reforms would have a positive effect for many families:

We want families to choose their child care around their work, rather than limit their work hours to suit their child care. It is estimated that the package will encourage more than 230,000 families to increase their involvement in paid employment.²⁷

Child care and workforce participation – submitter views

2.37 Some submitters expressed concerns that workforce participation was the focus of the legislation at the expense of a focus on early childhood education and care.

2.38 At the committee hearing, the Australian Home Childcare Association raised concerns about 'the overall focus of the package on workforce participation at the expense of early education'.²⁸

24 Goodstart Early Learning, *Submission 41*.

25 Mr John Cherry, Goodstart Early Learning, *Committee Hansard*, 3 October 2016, p. 11.

26 Goodstart Early Learning, *Submission 41*, p. 3.

27 The Hon Christian Porter MP, Minister for Social Services, *House of Representatives Hansard*, 1 September 2016, p. 34.

28 Ms Natasha Randall, Committee Secretary, Australian Home Childcare Association, *Committee Hansard*, 4 October 2016, p. 1.

2.39 The Community Child Care Association articulated a similar position:

We are concerned that the jobs for families package, by treating child care only as a means to support and incentivise parents' workforce participation, fails to recognise the right of all children to access high-quality early education and care. Furthermore, it fails to recognise that investment in early education and care provides positive outcomes for children, families and the broader community.²⁹

2.40 At the committee hearing, the Department of Education and Training told the committee that the definition of 'activity' had been broadened:

The last time we met with the committee we read out the definition based on our thinking at that point in time. One of the things we have been doing since then is talking with the sector about the inclusion of activity—parental-engagement-type activities. So, reading in a school or reading in centre based care. We have now proposed to broaden the definition of volunteering to pick that up as well.³⁰

Activity test

2.41 The activity test contained in the Jobs for Families bill ties the number of subsidised hours of child care available to the number of hours of activity a parent undertakes. The amount of hours of child care subsidy accessible by families will be determined by an activity test which will categorise families into three tiers, or steps. These tiers have been set out in Chapter 1.

2.42 The activity test will take into account:

- paid work;
- self-employment;
- unpaid work in a family business;
- looking for work;
- volunteering; or
- studying.³¹

2.43 While broadly supportive of an activities test, some submitters have raised concerns over the application of the new activity test provisions, including:

- the removal of the minimum 24 hours of subsidised care;

29 Ms Leanne Giardina, Executive Director, Community Child Care Association, *Committee Hansard*, 3 October 2016, p. 24.

30 Ms Jackie Wilson, Acting Secretary, Department of Education and Training, *Committee Hansard*, 4 October 2016 p. 29.

31 Department of Education and Training, *Jobs for Families Child Care Package Overview*, https://docs.education.gov.au/system/files/doc/other/a3_overview.pdf (accessed 21 September 2016).

- the effect of the measures on:
 - families with fluctuating employment hours;
 - vulnerable children;
 - Indigenous families; and
- the experience of parents in fly-in-fly-out employment (fif).³²

2.44 A number of submitters put forward the view that a minimum number of hours of subsidised care be provided which is exempt from an activity test. Submitters had differing views on the minimum number of hours. Some submitters, for example, recommended that the current minimum number of 24 hours of subsidised child care per fortnight be accessible to parents who do not meet the activity test requirement proposed in the bill,³³ while the Mitchell Institute recommended 15 hours.³⁴

2.45 Similarly, witnesses at the committee's public hearings held different views about the minimum number of hours of subsidised childcare. For example, Mr Bernie Nott, Co-Chair of the Early Learning and Care Council of Australia, proposed that the 12 hours of child care provided under the 'base entitlement' per week be increased to 15 hours, and to increase the income threshold from \$65 710 to \$100 000.³⁵

2.46 Mr Nott told the committee:

We believe all children should have access to a minimum of two days in a quality early learning program, but that would cost a lot more. Given the tight budget, 15 hours of early learning represents a reasonable, evidence-based outcome to support child development in Australia's future.³⁶

2.47 Mr John Cherry, Advocacy Manager, Goodstart Early Learning, emphasised that this would deliver two days of 7.5 hour sessions:

I can speak on behalf of the country's largest provider. We certainly believe that the key to actually going from 12 to 15 is that it forces you to offer two sessions, two days, because 12 hours in the long day care environment is closest to one day but certainly when you move to 15 then you have to offer that over two days. As the largest childcare provider we would say that we

32 See, for example: Ms Lisa Bryant, *Submission 1*; United Voice, *Submission 2*; Wynbring Jida MACS, Port Lincoln Children's Centre and Minya Bunhii Childcare Centre, *Submission 4*; SNAICC, *Submission 16*; The Parenthood, *Submission 24*, p. 9.

33 For example: United Voice, *Submission 2*; National Welfare Rights Network, *Submission 23*, Carewest, *Submission 11*.

34 Mitchell Institute, *Submission 7*.

35 Mr Bernie Nott, Co-Chair, Early Learning and Care Council of Australia, *Committee Hansard*, 3 October 2016 p. 10.

36 Mr Bernie Nott, Co-Chair, Early Learning and Care Council of Australia, *Committee Hansard*, 3 October 2016 p. 10.

would be certainly looking at offering sessions over two days that would meet that 15-hour entitlement.³⁷

2.48 Mr Cherry continued that:

One of the challenges with staffing—one of the reasons we think 7½ works better than six, for example—is to try to ensure that you can actually have as many people working a full-time shift as possible. Seven and a half equates roughly to a full-time day, so it is one of the things that attracted us to that. But if we did move to half-time sessions, obviously you would staff accordingly.³⁸

2.49 The Mitchell Institute acknowledged that early education comes at a cost, and that reforms must be addressed within the context of funding and should address the needs of the most vulnerable children:

I think recognising that any moves to address the issues around the activity test will need to happen within the same broad funding envelope, we would suggest it is more of a priority to ensure that the most vulnerable children have access to high quality early education. Those are the children who will benefit from that access the most. They deliver the biggest return on investment, and shifting children's outcomes for those kids has flow-on effects throughout their whole lives and, therefore, to the system.³⁹

2.50 Some witnesses discussed concerns about the unintended effects the new activity test could have in situations where parents have irregular work, such as shift work. Mr Nott stated:

We support a broad definition of 'activity' to underpin the new activity test. We also support flexibility for parents who work casual or irregular hours, and that must be compensated in the activity test. We propose a six-week transition period for families facing a cut in their subsidy.⁴⁰

2.51 During discussion about how the activity test could affect families relying on casual or irregular work, Goodstart Early Learning provided the following evidence about the proposed estimation process which it characterised as 'generous':

Other than the fact that the estimation process will be based on the parents' high estimate of what they are going to need over the next three-month period. So, if their work is irregular, obviously they have to plan their child care on the basis of their high points rather than their average. So they have acknowledged that it be based on a high point. That might alleviate it a little

37 Mr John Cherry, Advocacy Manager, Goodstart Early Learning, *Committee Hansard*, 3 October 2016, p. 13.

38 Mr John Cherry, Advocacy Manager, Goodstart Early Learning, *Committee Hansard*, 3 October 2016, p. 18.

39 Dr Stacey Fox, Policy Fellow, Mitchell Institute, *Committee Hansard*, 3 October 2016, p. 43.

40 Mr Bernie Nott, Co-Chair, Early Learning and Care Council of Australia, *Committee Hansard*, 3 October 2016 p. 10.

bit, but what we are concerned about are people who do drop in and out of the workforce completely or people who have lost their job and may be looking for another job. We are concerned that this provision would at least make it easier for those families to maintain their access to child care while they are looking for work, because it is really hard, as anybody would know, to find a childcare spot when you are offered a job. The best way to be available for work is to make sure you maintain your child care for as long as you can within the finances you have available.⁴¹

2.52 Following on from this point, Early Childhood Australia suggested that it 'is also a lot better for children to have continuous access on regular days'.⁴²

2.53 However, the committee noted other evidence from Early Childhood Australia and Early Learning and Care Council of Australia (ELCCA) that suggested it may be difficult to predict how the proposed changes will affect families with parents whose work patterns are irregular.⁴³

Budget based funding

2.54 Budget Based Funding (BBF) is a program providing a contribution to the operational costs of certain child care facilities, early learning and school aged care services in approved locations, such as rural and remote locations. Mobile services may also be covered by BBF.

2.55 There are approximately 300 facilities currently provided with funding through this program. The Department of Education and Training notes that:

These services are predominantly located in regional, remote and Aboriginal and Torres Strait Islander communities where the market would otherwise fail to deliver services to meet the needs of children and their families. Many are the sole providers of child care in their communities.⁴⁴

2.56 Some submitters raised concerns over the removal of BBF, for reasons including:

- uncertainty over whether Aboriginal and Torres Strait Islander child care facilities could continue operating;
- the implications for this policy on the Closing the Gap targets; and

41 Mr John Cherry, Advocacy Manager, Goodstart Early Learning, *Committee Hansard*, 3 October 2016, pp 11–12.

42 Ms Samantha Page, Chief Executive Officer, Early Childhood Australia, *Committee Hansard*, 3 October 2016 p. 12.

43 Ms Samantha Page, Chief Executive Officer, Early Childhood Australia, *Committee Hansard*, 3 October 2016, p. 16; Mr Bernie Nott, Co-Chair, Early Learning and Care Council of Australia, *Committee Hansard*, 3 October 2016, p.16.

44 Department of Education and Training, *Budget Based Funding Program*, <https://www.education.gov.au/budget-based-funded-programme> (accessed 29 September 2016).

- the potential for children in rural, remote and very remote areas to be unable to access the same care.⁴⁵

2.57 The National Association of Mobile Services for Rural and Remote Families and Children (NAMS) represents mobile services funded by BBF that operate in rural, regional and remote areas of Australia. NAMS pointed out that mobile services are unique, indicating a mainstream approach may not work:

Mobile services operate in the communities in which they operate in Australia because they are not sustainable. They operate with an operational subsidy, which is the budget based funding.⁴⁶

2.58 NAMS noted that mobile services do not have administrative staff and do not have the capacity to administer what would be required under a mainstream model.⁴⁷ NAMS further argued that 'there needs to be a total review of children's services funding and something that really enhances rural and remote Australian and Indigenous services', further stating:

We would like to see growth in mobile services, not diminishment in mobile services, and we would like to see a dedicated funding model for rural and remote Australia.⁴⁸

2.59 Secretariat of National Aboriginal and Islander Child Care (SNAICC) submitted that the transition for BBF facilities into mainstream services would have a strong impact of Aboriginal and Torres Strait Islander children and families. SNAICC submitted that although:

...positive changes are incorporated within the Jobs for Families Child Care Package, SNAICC is deeply concerned that the package will lead to significantly reduced participation in quality early learning of Aboriginal and Torres Strait Islander children experiencing vulnerability.⁴⁹

2.60 During the committee hearing, the Department of Education and Training addressed a number of concerns raised about the removal of BBF. In relation to mobile services, the department clarified:

We have never said that mobiles would not be funded. Mobiles are a very complex group of BBFs. They get funding from a range of different

45 See, for example: Mr Liam McNicholas, *Submission 10*, p. 3; Early Childhood Australia, *Submission 25*, p. 9; National Association of Mobile Services for Rural and Remote Families and Children (NAMS), *Submission 42*, p. 5.

46 Ms Anne Bowler, President, National Association of Mobile Services for Rural and Remote Families and Children, *Committee Hansard*, 3 October 2016, p. 2.

47 Ms Anne Bowler, President, National Association of Mobile Services for Rural and Remote Families and Children, *Committee Hansard*, 3 October 2016, p. 2.

48 Ms Anne Bowler, President, National Association of Mobile Services for Rural and Remote Families and Children, *Committee Hansard*, 3 October 2016, p. 2.

49 SNAICC, *Submission 16*, p. 3.

sources. Often they get a lot of state and territory government funding as well. We want to do this analysis and identify how that can be best funded going forward.

I know there are some concerns around the travel and how that will be subsidised, and that there are some concerns around the time they spend setting up, because the subsidy will just go to the hours that children are there. But there is flexibility in the CCCF—the grant process—to recognise the additional costs of travelling and of setting up, and of all the time that is non-contact time for the educator with the child, if that makes sense.⁵⁰

2.61 In relation to questions about transitional plans for BBF services, the Department of Education and Training provided the following evidence:

...It was really quite disappointing to read some of the statements made yesterday, because there have been many reviews, including a 2014 review of BBF and an ANAO report, which said that there are many issues with this program—that it is flawed and that there are equity issues.

...

I thought they were talking about the 2014 review yesterday, based on feedback I got from people who attended. But this is a long journey. We have some BBF services that get as little as \$100 per child per year and some that get tens of thousands of dollars per child per year. The program has been capped and closed for 15 years. This is about making some changes. It is not about taking the Indigenous 'culturalness' out of these programs. It is about a different funding source—not a closing of the programs or the services. I cannot say that often enough.⁵¹

2.62 The Department of Education and Training also provided evidence that changes have been made to the package as a result of feedback received during consultation:

It is probably fair to say that our thinking is evolving. When we announced the Community Child Care Fund we announced it as a competitive grants process. I think that more recently, based on some of the consultation, we accepted there is a need to have a discretionary bucket within the CCCF that is not based on competition. We have been talking to some in the sector about it.⁵²

...

Only 70 per cent of kids who go to BBFs are Indigenous, but it is to help the BBFs in their transition. I guess that the other kind of misconception

50 Ms Jackie Wilson, Acting Secretary, Department of Education and Training, *Committee Hansard*, 4 October 2016, p. 29.

51 Ms Jackie Wilson, Acting Secretary, Department of Education and Training, *Committee Hansard*, 4 October 2016 p. 28.

52 Ms Jackie Wilson, Acting Secretary, Department of Education and Training, *Committee Hansard*, 4 October 2016 p. 29.

that seems to be out there is that the CCCF is just a one-off. It is not; it is part of the budget going forward with the whole package. So some people might transition in two years and some people might not transition for 10 years. There is flexibility in the CCCF, based on these individual plans I talked to the senator about previously—to structure that in a way that best meets the needs of the individual BBFs.

That is what we are about, and those plans will help us define how the subsidy and the CCCF funding come together.⁵³

2.63 The committee notes concerns raised by submitters and witnesses that the removal of BBF will mean that some services become unviable. However, the committee also notes evidence provided by the Department of Education and Training that BBF is a flawed system that results in inequity, and it supports efforts to address these issues to ensure that funding is provided appropriately to all services.

2.64 The committee further notes that the Department of Education and Training is currently undertaking a comprehensive assessment of the capacity of BBF services to transition to the new package, as well as a transition support process.⁵⁴ This involves extensive consultation with industry representatives.

Committee view

2.65 The committee heard from some submitters that the bill places a strong focus on workforce participation, rather than on early childhood education and care. While the bill does place some focus on workforce participation and the activities of parents who receive subsidised child care, the committee considers that this is entirely appropriate and in line with community expectation. Further, that the reforms can achieve quality early childhood education and care as well as provide opportunities for parents to achieve greater participation in the workforce. However, the approach must be balanced.

2.66 The committee notes the broad support by many submitters and witnesses for an increase in workforce participation, however, it also notes the view that this should not come at the expense of a focus on children and their needs. The committee is not persuaded that a focus on workforce participation has come at the expense of the needs of children, and is of the view that the bill can achieve both.

2.67 The committee notes that there is no outright objection to an activity test from submitters or witnesses, but rather that there are different views about how the activity test should be structured.

53 Ms Jackie Wilson, Acting Secretary, Department of Education and Training, *Committee Hansard*, 4 October 2016 p. 29.

54 Ms Emma Sydenham, Deputy CEO, SNAICC—National Voice for Our Children, *Committee Hansard*, 3 October 2016, p 5

2.68 The committee considers that the activity test is both balanced and in line with community expectation that parents with children in subsidised child care are engaged in paid or unpaid work or looking for work or are studying.

2.69 The committee also notes that a number of witnesses pointed out that the Department of Education and Training has conducted extensive consultation about the provisions of the Jobs for Families package.⁵⁵ This demonstrates the Australian Government's strong commitment to industry input so that the reforms can best meet community needs.

2.70 The committee is of the view that the changes to the Jobs for Families bill will result in a fairer system, where low income families receive more help and subsidies to high income families fall.

Social Services bill

2.71 The Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2016 (Social Services bill) seeks to reform FTB A and at-home under-18 year old youth fortnightly rates.

2.72 The savings contained in the Social Services bill will provide funding for the Jobs for Families Child Care Package. The Hon Christian Porter MP, Minister for Social Services, summarised the intention of the Social Services bill:

While the family payments structural reforms in this bill will pay for the Jobs for Families Child Care Package, they will also simplify the family tax benefit system and provide more money on a fortnightly basis to those families who need it the most.⁵⁶

2.73 As noted in Chapter 1, the Social Services bill's key measures are the introduction of a new rate structure for FTB B, and an increase in the fortnightly rate of FTB A. The Social Services bill also seeks to phase out FTB A and FTB B supplement payments.

2.74 The Minister for Social Services set out that increased FTB A payment rates would help lower income families access higher fortnightly payments:

The government, under the terms of this bill, would be increasing the fortnightly payment rates of family tax benefit part A by \$10.08 for each

55 For example: Mr Scott Rollason, General Manager, Family Day Care Australia, *Committee Hansard*, 3 October 2016, p. 30; Ms Helen Mary Gibbons, Assistant National Secretary, United Voice, *Committee Hansard*, 3 October 2016, p. 35; Ms Geraldine Atkinson, Deputy Chairperson, SNAICC—National Voice for Our Children, *Committee Hansard*, 3 October 2016, p. 7; Ms Anne Bowler, President, National Association of Mobile Services for Rural and Remote Families and Children, *Committee Hansard*, 3 October, p. 7; Mr Paul Mondo, Secretary, Australian Childcare Alliance, *Committee Hansard*, 3 October 2016, p. 18.

56 The Hon Christian Porter MP, Minister for Social Services, *House of Representatives Hansard*, 1 September 2016, p. 29.

child in a family aged up to 19. This is worth an extra \$6,000 over the lifetime of a child. What this means is that around 1.2 million lower income families (including income support families) who receive family tax benefit part A for around 2.2 million children—will now receive higher fortnightly payments from 1 July 2018. The increase in their fortnightly payments will help families better manage their day-to-day and week-to-week budgets by providing them with timely, regularised assistance when they need it the most.

We will also provide an additional \$7.48 per fortnight for under 18 year old youth allowance recipients who are living at home, bringing the payments to the same standard rate as a family tax benefit part A child aged between 13 and 19.⁵⁷

2.75 The Minister for Social Services further set out the need for this reform:

While we understand families will not necessarily be enthusiastic about losing supplements, replacing a poorly targeted end-of-year payment with increased fortnightly payments and a simpler, fairer and more accessible childcare system will, in the long run, provide increased support for Australian families to meet day-to-day living expenses and will increase workforce participation.⁵⁸

Previous consideration by the Community Affairs Committee

2.76 The Senate Standing Community Affairs Legislation Committee (Community Affairs committee) has previously inquired into an earlier version of the Social Services bill, and tabled its report on 1 March 2016.⁵⁹

2.77 The committee notes that the Community Affairs Committee addressed a range of issues identified by submitters to that committee's inquiry into the bill.

2.78 The iteration of the Social Services bill currently before the committee contains a minor change relating to the commencement date for Schedule 2 of the bill, which has been changed from 1 July 2016 to 1 July 2017.

2.79 The Community Affairs Committee reported that:

Most submitters and witnesses supported reforms to the FTB payments system to ensure it is simpler, fairer and better targeted, and supported the rate increases for certain cohorts.⁶⁰

57 The Hon Christian Porter MP, Minister for Social Services, *House of Representatives Hansard*, 1 September 2016, p. 29.

58 The Hon Christian Porter MP, Minister for Social Services, *House of Representatives Hansard*, 1 September 2016, p. 30.

59 Senate Education and Employment Legislation Committee, *Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015 [Provisions]*, April 2016.

60 Senate Education and Employment Legislation Committee, *Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015 [Provisions]*, April 2016, p. 7.

2.80 However, the Community Affairs Committee reported that some submitters and witnesses had 'generally opposed the proposed reduced payment rate for certain families', expressing concerns about the following issues:

- the potential impact on low income and vulnerable families, such as single parents and families of children with disability;
- the costs of raising children increase with children's age, while the measures propose a corresponding reduction in payments;
- the loss of supplements;
- the appropriate encouragement of greater workforce participation; and
- concerns that the IT and payroll system upgrades may not address end of year FTB debts.⁶¹

2.81 The Community Affairs Committee noted that the iteration of the bill considered in their inquiry was itself a modified version of an earlier iteration. The Community Affairs Committee acknowledged the:

...significant changes to the proposed measures...made by the Government in response to concerns raised by submitters and witnesses during the committee's inquiry into Bill No. 1.⁶²

2.82 The Community Affairs Committee's view was that the changes incorporated into the second iteration of the bill 'appropriately address concerns regarding the impact on certain vulnerable families'.⁶³

Key issues – Social Services bill

2.83 During this inquiry, the key issue raised by submitters and witnesses was the relationship between the two bills being considered by the committee, with submitters and witnesses expressing concern at the 'coupling' of the two bills.

2.84 The potential impact of the bill on families, particularly families with lower incomes, was also raised by submitters.

Funding source – coupling of the two bills

2.85 Although submitters and witnesses generally acknowledged that funding for the Jobs for Families package would require a funding source, many raised concerns over drawing on savings made from the provisions of the Social Services bill.

61 Senate Education and Employment Legislation Committee, *Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015 [Provisions]*, April 2016, p. 8.

62 Senate Education and Employment Legislation Committee, *Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015 [Provisions]*, April 2016, p. 7.

63 Senate Education and Employment Legislation Committee, *Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015 [Provisions]*, April 2016, p. 22.

2.86 For example, The Parenthood indicated support for the reforms to the jobs for families package, however, suggested that it is unnecessary to fund these reforms with cuts to the FTB:

I am keen to stress to you today that, whilst we are very keen to see the quick progress of an amended version of this jobs for families package of bills, we reject the notion that \$4.8 billion worth of cuts to the family tax benefits system are required to pay for it—and we urge committee members to do the same.⁶⁴

2.87 Catholic Social Services Australia also suggested that other avenues may be available:

It is our view that there are other policy options available to the Government to fund the Child Care Package and which would not result in the reduction of payments to the most vulnerable families and individuals in our community.⁶⁵

2.88 Submitters told the committee that the coupling of the bills was not necessary in order to fund the Jobs for Families package. Mr Bernie Nott, Co-Chair of the Early Learning and Care Council of Australia told the committee that the reforms need not be contingent on the savings measures contained in the Social Services bill:

Early learning and care provides vital child development for the nation's young citizens and allows families to do the work and study which drive Australia's prosperity. Given its vital role, we call for the decoupling of funding for the package from the proposed cuts to family tax benefits. We believe the reforms stand on their own merits and have already been paid for several times.⁶⁶

Impact on families

2.89 The National Welfare Rights Network (NWRN) submitted the view that the 'burden of budget repair' was being placed poor and vulnerable members of the community.⁶⁷ In a submission to the Community Affairs Committee's inquiry into the Social Services bill, NWRN submitted that the bill:

...seeks to draw savings from the family payments system in a way that will have a major impact on the adequacy of payments to low income families and their children, while failing to progress meaningful reform of the well recognised issues with the family payments system.⁶⁸

64 Ms Jo Briskey, Executive Director, The Parenthood, *Committee Hansard*, 4 October 2016, p. 16.

65 Catholic Social Services Australia, *Submission 28*, p. 1.

66 Mr Bernie Nott, Co-Chair, Early Learning and Care Council of Australia, *Committee Hansard*, 3 October 2016, p. 10.

67 National Welfare Rights Network, *Submission 23*, p. 5.

68 National Welfare Rights Network, *Submission 23*, p. 9.

2.90 Early Childhood Australia told the committee that they held concerns over the impact the Social Services bill may have on lower income families:

The sector generally has supported both a reduction of welfare payments to middle- and high-income families as well as more generous payments through paid parental leave, because of the crisis of affordability in early learning. We have supported that over a number of years and have supported previous cuts. But we are getting to the point now where the cuts to family tax benefits that are being proposed to lower income families no longer have the support of many organisations that work in the sector and also work with disadvantaged vulnerable families.⁶⁹

2.91 While concerns were raised during the hearings, witnesses were unable to suggest viable alternatives to fully fund the package.

2.92 The Department noted:

I would just make the point that in special appropriation there is no such thing as savings. When it goes up it also goes down. The government is required to foot the bill based on a family's eligibility. So we do not get to count them as savings. The finance process does not allow us to count them as savings and they cannot be used to offset other spends. I am just reading to you what is in the budget rules from the Department of Finance.⁷⁰

Australian Government view

2.93 The Hon Christian Porter MP, Minister for Social Services, set out the Australian Government's commitment to early childhood education and care in the second reading speech for the Social Services bill:

The jobs for families childcare packages funded by this bill introduce major reforms that will provide greater choice for almost one million families by delivering a simpler, more affordable, more flexible and more accessible child care system.⁷¹

2.94 The Minister continued to outline the Australian Government's commitment:

The government is fully committed to the jobs for families package, however more than \$3 billion in additional funding must be paid for, and the measures in this bill are the government's way of making provision for that payment. The refusal of members opposite to support the passage of the measures in this bill, if that were to pass, in the previous parliament left the government with no choice but to defer the implementation of the main

69 Ms Samantha Page, Chief Executive Officer, Early Childhood Australia, *Committee Hansard*, 3 October 2016, p. 19.

70 Ms Jackie Wilson, Acting Secretary, Department of Education and Training, *Committee Hansard*, 4 October 2016 p. 25.

71 The Hon Christian Porter MP, Minister for Social Services, *House of Representatives Hansard*, 1 September 2016, p. 29.

measures of the jobs for families package from July 2017 to July 2018. However, if the savings needed to fund the child care package are passed by parliament—that is, the savings contained in this bill—then the government will implement the jobs for families package as soon as possible.

The government's new childcare package and reforms to the family payments system supports parents as they balance work and family responsibilities, while protecting those most vulnerable, and continuing to ensure a high-quality learning experience in our childcare centres.⁷²

Committee view

2.95 The committee acknowledges the work of the Community Affairs Committee on the Social Services bill, and notes that the provisions of the Social Services bill currently under consideration are identical to those contained in the bill previously considered.

2.96 The committee notes that the bill considered by the Community Affairs Committee contained certain modified measures that took into account previous concerns raised by stakeholders. These modifications were found by the Community Affairs Committee to appropriately address concerns previously raised.

2.97 The committee is of the view that multiple committee inquiries into this bill have established the key issues held by stakeholders, and the committee acknowledges the time and effort expended by members of the ECEC sector in contributing to these inquiries through submissions and appearances at public hearings.

2.98 The committee heard assertions made by submitters that the proposed reforms in the Jobs for Families Child Care Package are affordable without making cuts to related programs.

2.99 While the committee notes submitters' concerns over the 'coupling' of the measures in the two bills currently under consideration, the committee considers that using the savings made from restructuring and reforming the Family Tax Benefit payments to reform the child care system is justified. The committee notes that no viable proposals to fully fund the package were put forward during the inquiry.

2.100 The measures contained in the Social Services bill will provide greater assistance on a fortnightly basis to lower income families who need it, and will create more accessible and flexible child care system for Australian families.

72 The Hon Christian Porter MP, Minister for Social Services, *House of Representatives Hansard*, 1 September 2016, p. 29.

Recommendation 1

2.101 The committee recommends that both bills be passed.

Senator Bridget McKenzie

Chair

Labor Senators' Dissenting Report

Jobs for Families Bill

1.1 Labor supports additional investment in early education and care. However, Labor Senators remain concerned that despite proposed additional expenditure of approximately \$3 billion over the forward estimates, many families and children will be left worse off. Analysis undertaken by the ANU Centre for Social Research and Methods reveals that around one in three families will be worse off as a result of the Bill, and that almost half of all families will be worse off, or no better off.¹

1.2 Labor Senators note that a very significant proportion of submissions raised concerns in relation to:

- the complexity of the activity test, the uncertainty families will face in getting and maintaining stable access to early education and care, and the discouraging impact this will likely have on some parents' workforce participation;
- the impact of the Bill on children's access to early education, particularly in relation to vulnerable children; and
- the negative impact the reforms will have on Budget Base Funded Indigenous and Mobile services.

1.3 The issues raised in the course of the previous inquiry into this Bill during the last Parliament remain relevant, as does the dissenting report issued by Labor Senators at that time.

1.4 Labor Senators are concerned that many questions raised during the previous hearing remain unanswered. This includes identifying the extent to which families who will be worse off will be impacted by the changes.

1.5 The process of the inquiry, including timing, has hampered the full analysis of the impacts of the Bill. It has also limited the analysis and consideration of options to improve the identified shortcomings of the Bill.

Impact of the Government's decision to delay investment in early education

1.6 The Government's decision to delay additional support for families until mid-2018 will have a significant impact on families. Many submitters made the case for an interim increase in assistance – in line with the commitment Labor took to the last election.

1.7 The Parenthood's submission noted:

1 ANU Centre for Social Research and Methods, [Distributional Modelling of Proposed Childcare Reforms in Australia](#), March 2016, p. 7.

...it's been 656 days now since families were first promised the Coalition Government would make childcare more affordable and accessible – we simply cannot wait any longer.²

1.8 Goodstart Early Learning also noted:

... we recommend that interim relief be provided to families from July 1 2017 by increasing the cap on Child Care Rebate and the rate of Child Care Benefit.³

1.9 Further, the Early Learning and Care Council stated:

...it is recommended that families receive additional affordability support from July 2017 by increasing the rate of the current Child Care Benefit and increase the annual Child Care Rebate cap.⁴

Impact of the activity test

1.10 Overwhelming concerns about the impact of the activity test were again put forward to the committee. Key concerns include:

- Families facing an access cliff if their income rises above \$65,000 – potentially losing access to subsidised care entirely
- Halving in hours of access for disadvantaged children from 24 per week under the current system, to 12
- Tight fortnight-to-fortnight eligibility criteria that will make it difficult for parents who work part-time or casual hours to get back into the workforce

1.11 Ms Sam Page, Chief Executive Officer, Early Childhood Australia noted:

There are a lot of women, particularly, working in irregular patterns of work. If you... get your roster every fortnight, your hours can drop quite substantially at times... the way the legislation is proposed at the moment your eligibility will change immediately in the next fortnight... it is going to catch a lot of people when their hours are changing fortnight to fortnight.⁵

1.12 In line with other witnesses, Ms Page suggested longer transition or averaging periods to help parents maintain access to the early education and care they need to be able to work:

...allowing people a six-week grace period means that they can sustain that through variations in the roster, fortnight to fortnight.⁶

2 The Parenthood, *Submission 24*, p. 4

3 Goodstart Early learning, *Submission 41*, p. 4.

4 Early Learning and Care Council, *Submission 45*.

5 Ms Sam Page, Chief Executive Officer, Early Childhood Australia, *Committee Hansard*, 3 October 2016, p.17.

6 Ms Sam Page, Chief Executive Officer, Early Childhood Australia, *Committee Hansard*, 3 October 2016, p.17.

1.13 Ms Giardina, Executive Director of the Community Child Care Association told the committee:

The proposed activity tests will take away universal access to subsidised education and care. Currently, all children can access two full days per week, up to 24 hours, regardless of whether their family meets an activity test. These changes will result in some children being excluded from early learning environments before school and children in vulnerable circumstances having their access halved. We believe that this will take Australia backwards in the early and middle childhood policy arena.⁷

1.14 Ms Giardina further pointed out that community services were likely to struggle to offer shorter days without increasing the hourly cost to families:

It has been suggested that with the proposed changes children can still attend for two days, with centres adjusting bookings for a six-hour session instead of whole days. This suggestion fails to recognise that services will still have to cover the same operational costs and will need to continue to charge a full-day rate or introduce a loaded sessional rate to remain viable. It also introduces additional layers of administrative complexity for services and the need to police actual hours of child attendance.⁸

1.15 Labor Senators have also identified concerns that not all centres would offer short days under the proposed 12 hour Safety Net entitlement, potentially leaving disadvantaged children without access to early education. This is a particular risk in areas where centres are able to fill all their available places with children whose parents are paying for 10-12 hour days. Short sessions also have the potential to act as a barrier to workforce participation if they are inflexible and a parent cannot be guaranteed immediate access to an all-day place if they secure work.

1.16 A number of solutions were put forward to the committee to address the problems that have been consistently identified with the activity test. These include:

- increasing the family income required for access to early education without meeting the activity test from \$65 000 to \$100 000;⁹
- increasing the hours a child can access early education under the proposed Safety Net to 15 hours;¹⁰
- maintaining current levels of access of 24 hours per week subsidised early education for all children;¹¹

7 Ms Leanne Giardina, Executive Director of the Community Child Care Association, *Committee Hansard*, 3 October 2016, p. 24.

8 Ms Leanne Giardina, Executive Director of the Community Child Care Association, *Committee Hansard*, 3 October 2016, p. 24.

9 Mr Bernie Nott, Co-Chair, Early Learning and Care Council of Australia, *Committee Hansard*, p. 10.

10 Mr Bernie Nott, Co-Chair, Early Learning and Care Council of Australia, *Committee Hansard*, p. 10.

- tapering support for families who do not meet the activity test when their income exceeds \$65 000, so they don't abruptly lose access to early education;¹² and
- averaging and transition provisions for parents working part time or casual hours – as noted above.

1.17 Labor Senators remain concerned that – despite the implementation delay – the Government has not sought to address any of the concerns that have been raised by early childhood experts, parents and the sector in relation to the proposed activity test.

Limited information about the implementation of the proposed changes

1.18 The Committee heard evidence that 70 determinations and rules – crucial to the operation of the proposed changes – have not yet been made public for consideration.¹³ These determinations and rules will govern central elements of the system including: hardship provisions, eligibility for the Child Care Subsidy, access to services for children at risk, recognised activities and transition rules.¹⁴

1.19 In addition, clear information about the operation of the Community Child Care Fund has not been published, creating significant uncertainty for many services and the children and families that rely on them.

1.20 Labor Senators are concerned that despite major proposed changes to the activity test and service operating hours, no provision has been made to pilot and evaluate changes before they are applied nationally. There will be no opportunity to assess the impacts of proposed changes on viability, workforce participation or children's learning.

1.21 Labor Senators are very concerned that the Parliament is being asked to consider a Bill – for the second time – without access to key information to determine how it will impact Australian families.

Impact on Budget Based Funded Indigenous and Mobile services

1.22 The committee heard extensive evidence about the impact of the proposed changes on Budget Based Funded Indigenous and Mobile services. The Government has been repeatedly informed that many Budget Based Funded services will not be viable under a mainstream model, and that without them, many communities will lose access to early education.

1.23 Ms Bowler, President of the National Association of Mobile Services for Rural and Remote Families and Children, told the committee:

11 Ms Erin Gillen, Acting Director, Federation of Ethnic Communities Councils of Australia, *Committee Hansard*, 3 October 2016, p. 37.

12 Ms Helen Gibbons, Assistant National Secretary, United Voice, *Committee Hansard*, p. 33.

13 Ms Jackie Wilson, Deputy Secretary, Department of Education and Training, *Committee Hansard*, p. 22.

14 Department of Education and Training, Answer to Question on Notice 1.

We estimate that under the Budget Based Funded Program, with the cessation of this funding model in June 2018, 90 per cent of mobile services that are currently funded will not be able to continue to operate.¹⁵

1.24 Ms Bowler also informed the Committee:

In terms of geographic isolation and geographic situations for families in Australia, there are many, many, many rural communities in rural and remote areas in Australia that do not receive mainstream-type services, because of viability. We see that the closing of the Budget Based Funded model will ensure that mobile services that currently operate will no longer be able to operate.¹⁶

1.25 Ms Atkinson, Deputy Chairperson, SNAICC, told the committee:

Bubup Wilam have given us proof that our services will not survive; they said they will close their doors at the end of the year. What is going to happen to our services? In 2018 they will have to close their doors. We will have to close our doors in June 2018. Nothing that has been said about what is happening with transitioning over to the Jobs and Families package makes it any clearer that we are going to be any better off—and I am talking about our budget based funded programs, our MACCS, as well as the other childcare... From the very beginning there has been uncertainty because of all the complexity of our services. With the change, we knew we were not going to get a system that would be able to sustain our models.¹⁷

1.26 Labor Senators are concerned about the rationale for the transition of Budget Based Funded services to a mainstream model, given they typically operate in areas that would be, by definition, unviable under a fee and subsidy model.

1.27 The closure or reduction in access to Budget Based Funded services will overwhelmingly impact vulnerable children and communities, despite children in these communities having the most to gain from early education.

Social Services Bill

1.28 Labor Senators reject the recommendation contained in the majority report that the Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2016 (Social Services bill) should be supported.

1.29 This Bill has been subject to an inquiry of the Senate Community Affairs Legislation Committee of the last parliament, which reported on 1 March 2016.¹⁸

15

16 Ms Anne Bowler, President of the National Association of Mobile Services for Rural and Remote Families and Children, *Committee Hansard*, 3 October 2016, p. 3.

17 Ms Geraldine Atkinson, Deputy Chairperson, SNAICC, *Committee Hansard*, 3 October 2016, p. 4.

18 Senate Community Affairs Legislation Committee, *Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill (No.2) 2015 [Provisions]*, March 2016.

1.30 Submissions to that inquiry presented strong evidence that this Bill will have significant impacts on the incomes of low and middle income families.

1.31 Submissions to this inquiry have reiterated that evidence, and the cuts have been overwhelmingly opposed by stakeholders.

1.32 If this Bill is passed, millions of families – and their children – will be negatively impacted.

1.33 Low income and vulnerable families will be hurt the most, including single parents with teenage children at the critical point of their final years of schooling.

1.34 Although these impacts have been widely publicised and considered already, Labor Senators will reiterate the impacts in this dissenting report and note the disappointment that these impacts and the concerns of stakeholders have been ignored by this committee.

1.35 Because of the abolition of FTB Part A supplements, 1.2 million families will lose \$726 per child every year. Of these, 600 000 families are on combined family incomes of less than \$40 000 a year.

1.36 Because of cuts to FTB Part B Supplements, 1.3 million families will lose \$354 per family per year. These families are all on a single income. 130,000 single parent families will lose FTB Part B when their youngest child is 13. Of these, around 80,000 are on incomes of less than \$40 000 a year. Around 3 million children will be adversely affected by these cuts.

1.37 Modelling from the ANU, presented and tabled by The Parenthood, shows that many families will be worse off as a result of the combined package of child care changes and these cuts.¹⁹

1.38 For a family with one child in early education and one in school, this new analysis shows that once the Government's child care changes commence in mid-2018:

- A single parent family with an income of \$40 000 who uses early education two days a week will be up to \$1 533 worse off per year.
- A single parent with an income of \$60 000 who uses early education five days a week will be up to \$1 347 worse off per year.
- A couple with an income of \$40,000 who use early education two days a week will be up to \$1 533 worse off per year.
- A couple with an income of \$70 000 who do not meet the new activity test because one parent is trying to get back into the workforce will be up to \$6 147 worse off per year.

19 The Parenthood, Media Release, 4 October 2016, https://d3n8a8pro7vhm.cloudfront.net/theparenthood/pages/20/attachments/original/1475525426/MEDIA_RELEASE_-_Struggling_families_slugged_to_subsidise_childcare_041016.pdf?1475525426

Linking of the Jobs for Families Bill and the Social Services Bill

1.39 The link between the Jobs for Families Bill and the Social Services Bill has been artificially devised for political purposes and is not supported by Labor. Investment in early education should not be held hostage to Family Tax Benefit cuts. This is robbing Peter to pay Paul: taking money from low income families to give to other families through child care assistance.

1.40 As outlined in the majority report, stakeholders overwhelmingly oppose the linking of the bills.

1.41 The Australian Childcare Alliance recommended in relation to increased investment under the Jobs for Families Bill:

That the implementation of this much needed support is not delayed by any other legislation²⁰.

1.42 The Early Learning and Care Council recommended:

Decouple funding for the Jobs for Families Package from cuts to Family Tax Benefit payments. We believe that the Bill is an important piece of reform that stands on its own merits.²¹

1.43 The Parenthood said:

The link to Family Tax Benefits looks more like a political link rather than a budgetary one. It is a political strategy which will adversely impact the same families the government argues its new childcare reforms will especially benefit.²²

1.44 Goodstart submitted:

Goodstart does not agree with the Government linking funding for the Jobs for Families Package with further cuts to Family Tax Benefit payments. Since the Package was unveiled in the May 2015 Budget, the Government has won support for cuts to Family Payments of close to \$1.2 billion a year, which is almost the full year cost of the Child Care Subsidy. These cuts were in addition to \$600 million p.a. of cuts to Family Payments approved by the Parliament in 2014-15, and childcare compliance measures worth a further \$500-700 million p.a. We also note that children from single income families appear to be disproportionately disadvantaged and are set to be worse off both under both the proposed Family Tax Benefit cuts and the changes to the Child Care Subsidy. As families are struggling with cost of living pressures across the board, we strongly urge the Government and the Parliament to proceed with the new CCS without any further cuts to family payments.

20 Australian Childcare Alliance, *Submission 20*, p. 9.

21 Australian Early Learning and Care Council, *Submission 45*.

22 The Parenthood, *Submission 24*, p. 6.

PAYING FOR THE CHILDCARE PACKAGE

<i>Additional Cost of Child Care Subsidy</i>	1267.0
<i>Family Tax Benefit cuts with Opposition support since the 2015 Budget</i>	-1165.7
Cut FTB B 13 years + couples	-179.1
No Jab No Pay	-137.6
Freeze FTB A HIFA for 2yrs	-74.0
Abolish FTB A large family sup	-60.0
FBT treatment of fringe benefits	-42.0
Cut FTB A supplement on income >\$80k	-550.0
Not proceed with FTB A 0-1yr increase	-123.0
<i>Family Tax Benefit savings passed in 2014-15</i>	-619.9
FTB B cutoff at \$100k	-423.9
Abolish FTB A large family supplement	-130.8
Abolish FTB A additional family add on	-65.2
<i>Child Care compliance savings since May 2015</i>	-500.8
Family Day Care child swapping rules	-473.8
New compliance measures Sep 2016	-27.0

When the then Prime Minister announced the Government intended to start developing a Child Care Package on 7 December 2014, he stated that the budget savings from not proceeding with the Paid Parental Leave scheme would fund it. This redirection of funding, around \$2 billion a year, would have more than paid for the package.

1.45 Information provided to the committee by the Department of Education and Training related only to the impact of the proposed early education and care changes and did not take into account the proposed Family Tax Benefit cuts. This is despite the Government's insistence that the Bills are linked.

1.46 Modelling by the ANU and submitted to the Committee by The Parenthood reinforced earlier distributional analysis by the ANU in relation to the child care changes. Taken together, the Bills will leave a very significant proportion of families worse off, or no better off. They will have an unacceptable impact on low income families, and vulnerable and disadvantaged children.

1.47 In addition, Labor Senators are very concerned that some of the families worst affected by the proposed Family Tax Benefit cuts are those with teenage children who will not benefit from child care fee assistance.

Conclusion

1.48 Labor Senators are concerned that too many families and children will be left worse off, despite around \$3 billion in additional expenditure under the Jobs for

Families Bill. Labor Senators call on the Government to put forward amendments to their proposed child care changes in order to improve the balance between children's early education and parent's workforce participation.

1.49 The Family Tax Benefit cuts proposed in the Social Services Bill are harsh. They will hurt low income and vulnerable families. Like the measures originally put forward in the 2014 Budget they are fundamentally unfair. The Government should take them out of the Parliament and out of the Budget.

1.50 Labor Senators also oppose the idea that low income families should be held to ransom to pay for early education and care changes.

Recommendations

In relation to the Social Services Bill:

- 1. Labor Senators recommend that the Senate reject the Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2016.**

In relation to the Jobs for Families Bill:

- 1. Key ministerial determinations and rules – which will set many of the parameters affecting the day to day use of the system by families – should be published before the Parliament considers the Bill. This includes those relating to children at risk, financial hardship and the activity test.**
- 2. The transition process for Budget Based Funded Indigenous and Mobile services should be stopped and direct ongoing support should be guaranteed.**
- 3. The Government should consider amendments to their child care changes to:**
 - Ensure vulnerable and disadvantaged children are provided with adequate access to early education and care;**
 - Ensure the activity test – and associated determinations and rules – don't introduce unnecessary barriers for parents trying to get back into the workforce;**
 - Continue providing children with access to two days early education a week, and trial any changes to the activity test before their introduction; and**
 - Provide an immediate increase in assistance for families; in recognition of the cost pressures families will face because of the Government's decision to delay additional assistance until mid-2018.**
- 4. Funding for early education should not be conditional on Family Tax Benefit cuts which will hurt low and middle income families.**

Senator the Hon Gavin Marshall
Australian Labor Party

Senator the Hon Jacinta Collins
Australian Labor Party

Dissenting Report by the Australian Greens

Jobs for Families Bill

1.1 The Senate Inquiry into the Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2016 (the Jobs for Families Bill) and the Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2016 (the Social Services Bill) received 46 submissions from peak bodies and experts in childcare and social security as well as members of the public. A substantial number of submissions raised concerns regarding these Bills.

1.2 Despite the evidence provided and concerns raised by these experts, the Chair's report has recommended that these Bills be passed.

Jobs for Families Bill

1.3 The Australian Greens support the Jobs for Families Bill's purported aim to 'improve access to the affordability of early childhood education and care' and welcome the committee's recognition that access to high-quality early childhood education and care is of substantial developmental benefit to children.

1.4 The Australian Greens remain concerned, however, that the measures included in this Bill as currently drafted will not achieve these aims, and will in fact result in a number of families being unable to access childcare or receive reduced access to subsidised care.

1.5 The Australian Greens are concerned by the imposition of a minimum requirement of 8 hours of activity per fortnight in order to receive subsidised child care and note that a number of vulnerable families may not be able to meet this minimum requirement. The Greens are therefore concerned that a number of lower socio-economic and middle-income families will be ineligible for adequate levels subsidised childcare under this scheme.

1.6 The Australian Greens also recognise concerns that the proposed activity test inadvertently creates barriers to work for families where at least one parent does not have secure, regular employment and believe amendments are required to ensure the system is fair for parents engaged in irregular work and does not leave them with inadequate child care subsidy to meet their work commitments, or higher childcare costs. Without amendment, this activity test will present a barrier for new mothers trying to re-enter the workforce through casual and irregular employment. Without a minimum amount of childcare guaranteed, many parents will find it near impossible to take on extra hours of work.

1.7 The Australian Greens also remain concerned that the Bill may have a detrimental impact on children from remote and rural parts of Australia, and in particular Aboriginal and Torres Strait Islander children. The Australian Greens refer to concerns raised by the Secretariat of National Aboriginal and Islander Child Care (SNAICC) in their submission and in their evidence provided at the public hearing, in particular:

- The proposed closure of the Budget Based Funding Program;

- The risk posed to the loss or reduction to the Aboriginal and Torres Strait Islander sector; and
- The increased cost of service delivery to remote areas, in particular for Indigenous communities.

1.8 The Australian Greens are further concerned that the introduction of the activity test will reduce access to subsidised childcare for vulnerable children and is counter to the acknowledged need to increase participation in early childhood services for Aboriginal and Torres Strait Islander children.

Conclusion

1.9 The Australian Greens are concerned that the Chair does not appear to have appropriately responded to and addressed the concerns raised by the vast majority of experts regarding this Bill. There is a real risk that the impacts of a tougher activity test will further disadvantage families with irregular work hours and new mothers re-entering the workforce. Some of the most vulnerable children in our nation, particularly those from Aboriginal and Torres Strait Islander communities, will lose out if these measures are introduced un-amended.

Recommendations – Jobs for Families Bill

1.10 Recommendation 1: The Australian Greens recommend that the activity test be amended to include an additional amount of base level subsidised childcare for all families that fall within the 0-8 hours of activity to a minimum of two full days care.

1.11 Recommendation 2: The Australian Greens recommend that an adequately flexible reporting grace period be adopted that allows all casual workers, part-time workers with irregular hours or people who lose their jobs to estimate their expected activity and childcare needs, so as not to be disadvantaged by the activity test.

1.12 Recommendation 3: The Australian Greens recommend that unless additional funding for services which meets the needs of vulnerable children in remote and regional Australia and Aboriginal and Torres Strait Islander children is provided, that the current Budget Based Funding levels remain in place.

1.13 Recommendation 4: The Australian Greens recommend an amendment to include mechanisms for increasing childcare places where vacancy rates are critically low, creating barriers to parents being able to find affordable care.

1.14 Recommendation 5: The Australian Greens recommend that providers of In Home Care be explicitly referenced in the Bill as being eligible for Child Care Subsidy payments.

**Senator Sarah Hanson-Young
Australian Greens**

Dissenting Report by the Australian Greens

Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2016

Introduction

1.1 The Australian Greens do not support the recommendation of the majority report that the Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2016 (the Bill) be passed.

1.2 The Bill contains measures that the Australian Greens oppose including cuts to FTB-B for single parents with children aged 13 or over (with some exemptions for specific categories), and the removal of the FTB-A and FTB-B supplements.

1.3 The Australian Greens briefly outlined our concerns regarding the measures contained in the Bill in our dissenting report to the Social Services Legislation Amendment (Family Payment Structural Reform and Participation Measures) Bill (No. 2) 2015. We expressed our fundamental concerns in our dissenting report on the previous bill, Social Services Legislation Amendment (Family Payment Structural Reform and Participation Measures) Bill 2015. The concerns we outlined in those dissenting reports still stand.

1.4 The Government's stated purpose for the measures in this Bill are to make provision for the additional \$3 billion needed for the measures contained in the Jobs for Families Child Care Package.¹ As the Australian Council of Social Service (ACOSS) stated in its submission:

We reject the linking of family payment cuts to increased investment in child care and are most concerned that the Committee is considering these bills in conjunction. Any additional investment in early childhood education and care should be drawn from general revenue, not from low income families.²

1.5 The Australian Greens agree that the Government should not be targeting low income families to fund the Jobs for Families Child Care Package. This is particularly the case as the measures in the Jobs for Families Package will adversely impact on many low income families. The Government's continued harsh approach towards income support recipients is unfair and unnecessary.

Cuts to FTB-B

1.6 The Bill removes FTB-B for single parents (under the age of 60) from the start of the year their youngest child turns 17. It also significantly reduces FTB-B for single parents (under the age of 60) with a youngest child aged 13-16 to \$1000.10 annually. As Anglicare Australia stated in its submission:

1 The Hon Christian Porter MP, Minister for Social Services, *House of Representatives Hansard*, 1 September 2016, p. 29.

2 Australian Council of Social Service (ACOSS), *Submission 29*, p. 2.

We are particularly concerned about the detrimental impact of the cut of Family Tax Benefit part B (FTB B) on single low-income families with children over 13. The measure is said to encourage the parent back into the job market as their child enters secondary school, in order to increase family income, and so boost workforce participation levels and the national economy. Anglicare Australia understands this intention, but contends the reduction of payments from families with teenagers, together with the higher costs associated with raising older children, is likely make low income families even more financially vulnerable rather than less. When this 'encouragement' to find extra work fails, affected families will find it harder to fund important opportunities for their children's education and development, with flow on impacts on their life choices, and the risk of further perpetuating the cycle of poverty and disadvantage.³

1.7 The cuts to FTB-B in the Bill will hit single parents of teenagers particularly hard. The Australian Greens do not support this measure.

Removal of the FTB-A and FTB-B supplements

1.8 One of the harshest cuts in the Bill is the removing of the end of year supplements for FTB-A and FTB-B. The Government's rationale that updated computer systems will enable end of year supplements to be phased out is flawed.⁴ As the National Welfare Rights Network stated in its submission:

... simply abolishing the supplements, without a corresponding and equivalent increase in base rates of payment, is no more than a reduction in payments in a system where levels of support for many families are inadequate (especially following the transition of single parents with children from Parenting Payment Single to Newstart Allowance).⁵

1.9 The Australian Greens do not support this unfair measure.

Other Measures

1.10 There are a number of other measures contained in the Bill, namely an increase to FTB-A of \$10.08 per fortnight for each child and an increase to Youth Allowance (and a number of additional income support payments) where the recipients are under 18 and are living at home of \$7.48 per fortnight, and an increase to FTB-B of \$1000.10 per annum for families with a child under one.

1.11 In relation to the increase to FTB-A, ACOSS stated in its submission:

The expenditure component of the package, the boost to Part A by \$5 a week, does not take effect until 1 July 2018. It is far too little to compensate families for the losses imposed by other changes (amounting to an

3 Anglicare Australia, *Submission 27*, p. 5.

4 The Hon Christian Porter MP, Minister for Social Services, *House of Representatives Hansard*, 1 September 2016, pp 29-32.

5 National Welfare Rights Network, *Submission 23*, p. 13.

estimated \$48 per week for a single parent (under 60) with one child over 13 years) and it takes effect after the payment cuts.⁶

1.12 The Australian Greens do not support this measure, as it does not adequately compensate recipients for other cuts to the payment.

Recommendation 1

1.13 The Australian Greens recommend that the Bill not be passed.

**Senator Rachel Siewert
Australian Greens**

6 Australian Council of Social Service (ACOSS), *Submission 29*, p. 5.

Additional Comments by the Nick Xenophon Team

1.1 The Nick Xenophon Team (NXT) is concerned that the childcare reforms will only go ahead if savings from cuts to family tax benefits are achieved. Affordable early childhood education and care (ECEC) should not be contingent upon the Government passing Family Tax Benefit savings measures.

1.2 During committee hearings, Mr Manderson, Deputy Director of Anglicare Australia, highlighted that the linking of the two bills is arbitrary. He noted that:

...as far as I am aware, government has never argued that drought assistance can only be sustained if we cut back on supporting people dealing with floods or bushfires. Nor have I heard any minister argue that veterans' entitlements should be cut to cover the increase in the cost of new aircraft.¹

1.3 We note that the Early Learning and Care Council of Australia raised during the hearings that the Government has already paid for these bills several times over through savings from cuts to family payments, and in 2014 the former Prime Minister Abbott stated that \$2 billion of savings from cuts to the Paid Parental Leave should be diverted into ECEC.²

Recognising the Importance of ECEC

1.4 ECEC is integral to the health and wellbeing of Australian children, and should not be delivered as dependant on cuts to vital family benefits. NXT note that this issue was recognised in the Committee's Report, who determined that none of the submitters provided an adequate alternative funding arrangement. The NXT does not believe it should be the responsibility of witnesses to provide alternative funding arrangements.

1.5 NXT recognises the benefits of ECEC and encourages the government to do the same. For disadvantaged children, access to ECEC is integral their development. NXT notes the statement made by Goodstart Early Learning Centre at the Committee hearing, that:

...evidence from the AEDC, the Australian Early Development Census, shows that, across all income groups, children who have access to preschool before school are a third less likely to start school developmentally vulnerable, and that holds for all income groups.³

1.6 A number of submissions addressed this concern:

1 Mr Roland Manderson, Deputy Director, Anglicare Australia, *Committee Hansard*, 4 October 2016, p. 8.

2 Mr Bernie Nott, Co-Chair, Early Learning and Care Council of Australia, *Committee Hansard*, 3 October 2016, p.11.

3 Mr John Cherry, Advocacy Manager, Goodstart Early Learning, *Committee Hansard*, 3 October 2016, p. 14.

- United Voice, quoting the Australian Institute of Health and Welfare in their submission to the Committee noted that, the greater the degree of vulnerability, the more urgent the need for ECEC.⁴
- United Voice also highlighted the benefits of high quality early learning for disadvantaged children, noting that studies show it improves cognitive, language and social development.⁵
- The Federation of Ethnic Communities' Councils of Australia, advocated the benefits of ECEC to children of migrants, and its integral role in the development of language skills, especially important for children from non-English speaking families.⁶
- The National Welfare Rights Network, noted that there is 'a sound evidence base to support the developmental benefits of early childhood education, especially for children from disadvantaged backgrounds, and the concern to ensure widespread access to these benefits should take precedence over the Government's attempt to use child care subsidies as a policy tool to promote workforce participation'.⁷
- The Mitchell Institute emphasised in their submission to the Committee that 'the early years are a critical window for building the essential foundations that enable all children to be confident and capable learners, and develop social and emotional skills'.⁸
- The Mitchell Institute also stated that 'research demonstrates that all children benefit from participation in quality early education programs and that these benefits are amplified for children from disadvantaged backgrounds, for whom extra hours and longer duration can make a significant, positive and lasting impact on their schooling and beyond'.⁹

1.7 The development of children through access to ECEC needs to be a priority. Children should not be worse off under these proposals.

Ensuring the Diversity and Flexibility of ECEC

1.8 The NXT wants to ensure that the current diversity and flexibility in the types of ECEC will continue under the reforms. Programs such as in-home care and Budget Based Funding (BBF) provide an important service for many families unable to access mainstream services, or for whom they may be unsuitable.

4 United Voice, *Submission 19*.

5 United Voice, *Submission 19*.

6 Federation of Ethnic Communities' Councils of Australia, *Submission 20*.

7 National Welfare Rights Network, *Submission 23*.

8 Mitchell Institute, *Submission 7*.

9 Mitchell Institute, *Submission 7*.

In-Home Care

1.9 NXT wants to ensure that that the proposed package meets the needs of the most vulnerable, and that vital services are being continued. During the Committee hearings, the Australian Home Childcare Association gave some examples of the types of families who use their services. They noted that approximately fifty percent of all of their in-home care clients are families with children or parents with disability or medical needs.¹⁰

1.10 The Australian Home Childcare Association explained that:

In-home care naturally targets vulnerable children. In-home care is currently an approved service with strict eligibility criteria capped to approximately 5,600 equivalent full-time places. There are approximately 62 services nationally which provide care to more than 6,000 marginalised children each week. As many in-home care placements are shorter term, with eligibility being reviewed every six months, the service has the potential to impact a much greater number of Australian children.

These are children like Jake. Jake has very high medical needs. He requires oxygen and a BiPAP machine and 24-hour-a-day care. Jake cannot attend child care. His mother suffers from depression. She has two other children that also require daily care, including simple things like being taken to and from school, which is a hard task with Jake's equipment. With in-home care, Jake can be left at home with a trained educator. In-home care allows his mother to meet the needs of her other children and also maintain her mental health. In-home care also allows Jake to access early education he otherwise may not be able to. The family does not meet the activity requirement of the Nanny Pilot Program, and the NDIS does not provide support for his medical needs.

Cara is a primary school aged child with autism. Her parents are separated. Cara's therapists indicate that after-school care is not in the interests of her mental health. Furthermore, Cara's school have expressed that they are unable to care for Cara. Cara's mother was at risk of losing her job multiple times due to having time off to care for Cara. She desperately waited for in-home care for more than six months. Cara's mother expressed that the Nanny Pilot Program is too expensive with just one child and she was concerned about the training of her nanny versus the in-home educator.¹¹

We have situations where there might be a lot of families where there might be a mother or a father with cancer, and we might come in through their treatment period, through the palliative stage, and we might transition a family from the death of a parent through to the other side.¹²

10 Ms Nicole Morgan, Committee Member, Australian Home Childcare Association, *Committee Hansard*, 4 October 2016, p. 5.

11 Ms Natasha Randall, Committee Secretary, Australian Home Childcare Association, *Committee Hansard*, 4 October 2016, p. 1.

12 Ms Nicole Morgan, Committee Member, Australian Home Childcare Association, *Committee Hansard*, 4 October 2016, p. 5.

1.11 NXT are concerned this legislation does not mention in-home care. In-home care provides a special and necessary service for families to whom mainstream care is either unavailable or inappropriate. It provides a vital service for families with complex needs, such as families in remote areas, those with children with disabilities, or with parents who have multiple disabilities. This program has also evolved to include children who are marginalised and deemed at risk of harm, abuse or neglect, as explained by the Australian Home Childcare Association.¹³

1.12 The diversity and flexibility of Australian families need to be reflected in the types of ECEC available. NXT is concerned that these reforms will deny a range of high need, at risk and non-mainstream children access to suitable ECEC.

Budget Based Funding

1.13 Budget Based Funding (BBF) was introduced with the intention to allow early ECEC to be conducted in areas in which the market would not otherwise sustain it. Approximately 80 per cent of BBF funding goes to ECEC in Indigenous communities. We note the concerns raised by SNAICC in their submission to the Committee regarding the affect the cessation of the BBF will have on Indigenous children and Indigenous communities. As noted by SNAICC in the committee hearings, BBF supports approximately 19 000 children.¹⁴

1.14 SNAICC stated that:

...engagement in early childhood education reduces risk of harm to a child, and subsequent involvement with statutory child protection authorities, as well as reductions in remedial services and criminal behaviour in the longer term. Holistic community based Indigenous services are a central preventative measure to strengthen families and prevent child abuse and neglect.¹⁵

1.15 NXT are concerned about the impact the cessation of the BBF program would have on indigenous communities, and the resulting effect on efforts to close the gap. It is imperative that Indigenous children and children in rural and remote communities have access to ECEC just as any other child in Australia.

1.16 NXT notes that the Australian Home Childcare Association stated in the Committee hearing, that in regards to the continuation of BBF programs, they 'have not had any clear communication that gives us a pathway or a direction or certainty for those families'.¹⁶

13 Ms Natasha Randall, Committee Secretary, Australian Home Childcare Association, *Committee Hansard*, 4 October 2016, p. 1.

14 Ms Emma Sydenham, Deputy CEO, SNAICC—National Voice for Our Children, *Committee Hansard*, 3 October 2016, p. 7

15 SNAICC, *Submission 16*.

16 Ms Natasha Randall, Committee Member, Australian Home Childcare Association, *Committee Hansard*, 4 October 2016, p. 3.

Recommendation 1

The Department of Education clarify as a matter of urgency whether funding for in-home care will continue to be made available under the Jobs for Families package.

Consulting with Stakeholders

1.17 NXT is concerned that the government did not conduct an appropriate consultation process in the development of this package. Important stakeholders such as SNAICC were not invited to be a part of the initial reference group during the consultation period.¹⁷ When questioned about the number of Indigenous organisations involved in the consultation process the Department was unable to name a single organisation, and the response from the Department on this issue appears to be quite unsatisfactory.

Senator KAKOSCHKE-MOORE: I understand that it is an invitation-only process to consult with the ministerial advisory council. Were there any Indigenous organisations that were invited to be part of the ministerial advisory council?

Ms Wilson: There actually is an Indigenous member of the council, but that person just does not wear a hat in terms of SNAICC. Is it Judith Tempest? She is from New South Wales, so there is an Indigenous member in the that (sic) group. Judith McKay-Tempest.¹⁸

1.18 NXT believe in the benefits of a broad consultation process with appropriate stakeholders, by whom and for whom these services are provided. During the committee hearings, SNAICC noted that it appeared the Government presented a 'very clear package...with very little room for negotiation'.¹⁹ NXT are concerned that the programs may be unworkable, and that a number of families will be left without appropriate services due to this failure.

1.19 United Voice also raised concerns in their submission to the inquiry, that the Stakeholder Reference Group who were consulted during the creation of these bills met only three times and were 'not so much consultation sessions as information sessions'.²⁰

1.20 At the Committee hearings, the Government conceded by that they have not communicated 'as often or as much as they should have with providers and with

17 Ms Geraldine Atkinson, Deputy Chairperson, SNAICC, *Committee Hansard*, 3 October 2016, p. 6.

18 Ms Jackie Wilson, Acting Secretary, Department of Education and Training, *Committee Hansard*, 4 October 2016, p. 27.

19 Ms Emma Sydenham, Deputy CEO, SNAICC—National Voice for Our Children, *Committee Hansard*, 3 October 2016, p. 7.

20 United Voice, *Submission 2*.

families'.²¹ This failure should be addressed, and relevant stakeholders should have been consulted in the early stages to ensure that what is proposed meets the needs of the most vulnerable and marginalised. At the Committee hearing, SNAICC suggested that 'perhaps consulting earlier and with an open mind to actually listening and engaging to develop a collective package that best meets the needs of those very diverse children would be best.'²²

Recommendation 2

The Department of Education review their consultation procedures to ensure that all appropriate stakeholder groups are comprehensively consulted when reform packages are being developed.

Transparency

1.21 NXT are concerned about the lack of transparency surrounding the tender process currently being undertaken by the government in regards to funding of ECEC. As noted by Ms Sydenham, Deputy CEO of SNAICC, SNAICC are concerned about the ability of this proposed package to meet the needs of the most vulnerable, and that without the information collated during the tender process, Senators may not have access to all the appropriate information. In their submission, SNAICC stated that tenders for a number of ECEC services are currently out, and that the tender information would be highly useful to determine whether the package will be able to deliver the services required.²³

1.22 During the Committee hearing Ms Sydenham stated that:

All evidence available at the moment suggests that there will be a significant decrease in access for Aboriginal and Torres Strait Islander children, and other children, to early learning under the budget-based funding program. The government at the moment is undertaking probably the largest, most comprehensive assessment of the capacity of budget-based funding services to transition at all to the new package, and a transition support process. We believe this is really critical information that should be on the public record and that should be able to assist and inform senators in their decision on whether to approve this bill or what amendments are required to make sure that it does improve access for all vulnerable children. So we would seek to have the government share the reports—each service will have a report of its own; I believe they do not have the final reports as yet—or to have the government provide a review or a systemic analysis of what is coming out of that tender process or that research process.²⁴

21 Ms Jackie Wilson, Acting Secretary, Department of Education and Training, *Committee Hansard*, p. 23.

22 Ms Emma Sydenham, Deputy CEO, SNAICC – National Voice for Our Children, *Committee Hansard*, 3 October 2016, p. 7.

23 SNAICC, *Submission 16*.

24 Ms Emma Sydenham, Deputy CEO, SNAICC – National Voice for Our Children, *Committee Hansard*, 3 October 2016, p. 5.

1.23 NXT believe the government needs to be transparent in the way these tenders are being offered. This information will helpfully inform any future decisions about client need and service delivery.

Recommendation 3

The Department of Education and Training make public information in relation to the tenders.

Activity Test

1.24 NXT is concerned about changes to the activity test. The government is proposing to determine the amount of hours of subsidised ECEC through an activity test, whereby families earning up to \$65 710 where one parent works less than 17 hours, but more than 8 hours a fortnight, are eligible for 18 hours of subsidised ECEC a week. For parents who don't satisfy the activity test they will be able to access only 12 hours a week. Previously, if parents worked less than 15 hours a week they were eligible for up to 24 hours of subsidised ECEC.

1.25 NXT believes that all children should have access to ECEC regardless of the activities undertaken by their parents. Some concerns were raised that this could mean that parents would put their children in ECEC so they could go to the pub. Mr Manderson of Anglicare Australia addressed this concern at the Committee Hearing:

Mr Manderson: ...I do not accept the poetic notion of linking it with people down at the pub drinking. I think that is facile and I think it is unhelpful.

Senator PATERSON: I do not think it is clear then what your view is about whether that is okay or not.

Mr Manderson: I am not saying it is okay; I am saying it should not cost those kids their child care.

Senator PATERSON: Should the design of the system allow for it?

Mr Manderson: The design of the system should give those children the educational opportunities they need.²⁵

1.26 As United Voice highlighted during the hearing, and reflected in their submissions, access to ECEC is best understood as a right held by the child regardless of their parents' capacity to work or inability to pay. The noted that as a minimum, all children should have access to a minimum of 24 hours, or two days, of subsidised ECEC per week.²⁶

Senator KAKOSCHKE-MOORE: There has been some discussion today about changing the minimum hours, and a proposition that we could shift

25 Mr Roland Manderson, Deputy Director, Anglicare Australia, *Committee Hansard*, 4 October 2016, p. 13.

26 Ms Helen Mary Gibbons, Assistant National Secretary, United Voice, *Committee Hansard*, 3 October 2016, p. 35.

from 12 hours subsidised care per week to 15. Does United Voice have a view on that?

Ms Gibbons: I note that there were a number of submissions, and particularly the submissions from ACA, ECA and the Early Learning and Care Council, that suggested that. The current arrangement is that people are able to access 24 hours of subsidised care a week. We would prefer to maintain that because that provides two days of early learning—two full days of early learning—for children. If children are at the heart of this policy then that is an arrangement that would work for them.

It also overcomes the issues that I talked about with the casual worker who has all of these different arrangements and has to try to work out how to meet the activity test. If they have the guaranteed two days, she knows she is available to put her name on the list to pick up casual work for two days a week. I recognise that some significant stakeholders have put forward that compromise position, but United Voice's position is still that it needs to be maintained where it currently is.²⁷

1.27 This position was mirrored in the Committee hearing by Anglicare Australia, who stated that at an absolute minimum, children should have access to at least 24 hours of ECEC.²⁸ Anglicare Australia also highlighted that childcare should be viewed as early childhood education, and that child's ability to access education should not be dependent upon their parents' ability to satisfy an activity test.²⁹ A compromise of 15 hours a week for parents who don't satisfy the activity test has been put forward by Goodstart Early Learning and the Australian Childcare Alliance. The NXT is concerned that 15 hours a week does not amount to two full days of care, and is ill-fitting with the business practices of many providers.

1.28 NXT are concerned about the workability of a change to 12 hours of care, for service providers. When questioned about the suitability of 12 hours of care, Goodstart, as the country's largest childcare provider, stated that they could ensure that they would be able to offer services over two days to meet the 12 hour entitlement. However, NXT note that United Voice held concerns about the impact of this change to either 12 or 15 hours will have on smaller providers:

Senator KAKOSCHKE-MOORE: If the changes were to go ahead and the 15 hours of subsidised care is rolled out, what impact do you think that will have on your members? Will it change their working patterns or hours of work?

Ms Gibbons: We do have a real concern about what that looks like. There has been no modelling about this that has been released by the department. The concern is that most care is paid for by the day. What that means is that

27 Ms Helen Mary Gibbons, Assistant National Secretary, United Voice, *Committee Hansard*, 3 October 2016, p. 35.

28 Mr Roland Manderson, Deputy Director, Anglicare Australia, *Committee Hansard*, 4 October 2016, p. 8.

29 Mr Roland Manderson, Deputy Director, Anglicare Australia, *Committee Hansard*, 4 October 2016, p. 8.

when people are planning their rosters for people who work in the sector, they can structure those rosters so that they have as many people as possible during the peak times, they have enough people in the quieter times, they can stay open for as long as possible and they can provide as many full-time or full-day jobs as possible. As soon as you change the structure to 15 hours a week, what they think is proposed is two days, but that would actually change the way that the parents are currently charged. They are currently charged for a full day, which is around 10 to 11 hours. If they are only charged for 7½ hours, what does that mean for the people who work in the sector? Does that mean they have much shorter days? I think there is a real question mark. It is really hard to know what the impact will be because there has been no modelling in relation to this. There has been no unpacking of how the workforce is going to respond to what is in the package. My real concern is that you will see hours shrinking. You will see increasing casualisation. You will see less people working full eight-hour days and a lot more people working six-hour days. This is an industry that is already incredibly low paid and already has retention issues and turnover issues. The more you make the work precarious, the more you are exaggerating that problem and making that problem much worse.³⁰

1.29 The current business structure of most childcare providers revolves around a 12 hour day model. NXT are concerned about the impact on small business if a change to the minimum subsidised hours is introduced. As highlighted by Goodstart, if a 12 hour subsidy is introduced, changes may have to be made to billing types and centre practices.

Mr Cherry: 'If we move to shorter sessions, families might love to pay for eight hours rather than 12, but they all want the same eight hours, which are between 8 am and 4 pm. Our current cost structure reflects our children and when they are actually in our services. The NQF allows you to staff your centre dependent on your children. The cost savings of shifting from billing for a day to billing by the hour would be very minimal, which means the hourly rate will go up quite significantly because you would be billing your costs over eight hours rather than 12 or 11. Families might love to be billed for only eight hours a day, but they may not be saving any money.'³¹

1.30 The NXT is concerned about the implication of hourly billing on providers, and the lack of consultation that was involved in this recommendation.

Recommendation 4

The Department further consults with stakeholders regarding the suitability of the 15 hours proposal and the impact on business models of ECEC providers.

30 Ms Helen Mary Gibbons, Assistant National Secretary, United Voice, *Committee Hansard*, 3 October 2016, p. 36.

31 Mr John Cherry, Advocacy Manager, Goodstart Early Learning, *Committee Hansard*, 3 October 2016, p. 14.

Recommendation 5

The Department conduct modelling on the impact 15 hours of subsidised ECEC would have on childcare workers' workforce participation.

Senator Skye Kakoschke-Moore

Nick Xenophon Team

APPENDIX 1

Submissions and Additional Information received by the Committee

Submissions

- 1 Ms Lisa Bryant
- 2 United Voice
- 3 Federation of Ethnic Communities Councils of Australia (FECCA)
- 4 Wynbring Jida MACS, Port Lincoln Children's Centre and Minya Bunhii Childcare Centre
- 5 National Foundation for Australian Women
- 6 Katherine Isolated Children's Service (KICS)
- 7 Mitchell Institute
- 8 Remote & Isolated Children's Exercise Inc.
- 9 Mallee Track Health and Community Service
- 10 Mr Liam McNicholas
- 11 Carewest
- 12 Marninwarntikura Fitzroy Women's Resource Centre, Aboriginal Corporation
- 13 Australian Government Department of Education and Training
- 14 Australian Childcare Alliance, Early Childhood Australia, the Early Learning and Care Council of Australia and Goodstart Early Learning
- 15 Cowra Early Childhood Services
- 16 SNAICC - National Voice for our Children
- 17 Central Australian Youth Link-Up Service (CAYLUS)
- 18 Family Day Care Australia
- 19 Community Child Care Association (CCC)
- 20 Australian Childcare Alliance

- 21 ACTU
- 22 Australian Home Childcare Association
- 23 National Welfare Rights Network
- 24 The Parenthood
- 25 Early Childhood Australia
- 26 UnitingCare Australia
- 27 Anglicare Australia
- 28 Catholic Social Services Australia
- 29 Australian Council of Social Service (ACOSS)
- 30 The Creche & Kindergarten Association Limited
- 31 Ms Leanne Gibbs
- 32 Northside Community Service
- 33 Community Child Care Co-operative (NSW)
- 34 KU Children's Services
- 35 Australian Community Children's Services (ACCS)
- 36 Katoomba Children's Cottage Inc
- 37 Isolated Children's Parents' Association of Australia
- 38 Contact Inc and MCSA
- 39 Deniliquin Children's Centre
- 40 Bubup Wilam for Early Learning Aboriginal Child and Family Centre
- 41 Goodstart Early Learning
- 42 National Association of Mobile Services for Rural and Remote Families and Children (NAMS)
- 43 Galloping Gumnut Mobile Children's Service
- 44 Australian Human Rights Commission
- 45 Early Learning and Care Council of Australia
- 46 Brotherhood of St Laurence

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- 47 Name Withheld
48 Confidential
49 Albury Wodonga Community College (AWCC)
50 Pro-forma Letter

Pro-forma letter

The committee received pro-forma letters from 66 individuals.

Letters were received from:

Kathryn Fisher	Suzanne Vandenberg
Kristi Wilson	Ashlea Badger
Chantelle Keyner	Desley Welk
Shannon Kaye	Kimberly Gowley
Brian Towart	Robyn Brown
Anand Jain	Brenda Woods
Anna Baranowska	Adrian Cooke
Jeni Nathanielsz	Linsay Davis
Dianne Fairhead	Ursula Lees
Yasmin Lawrence	Bernadette Hoare
Samantha Jones	Rashelle Rayner
Daniel Duggan	Kylie Barratt
Kylie Romero	Sarah Thompson
Amy Cart	Dominique Harris
Bernadette Warbrick	Peter Gilfedder
Rochelle Hayes	Jo Kegg
Glenn Sebestin	Melissa Armstrong
Ania Sawicka	Elisha Johnson

Jayde Lees	Bevan Pearson
Leonie Hutchesson	Karen McNamara
Julie Brand	Joseph Pellone
Jagadeesh Gandla	Melissa Ansford
Jayde Stoneman	Lydia Townend
Scott Fields	Vivian El-Jackson
Melissa Fields	Jennifer Wilson
Katrina Holway	David Paul
Raelee Fechner	Sara Metalli
Patricia Brown	Zeba Khan
Tina Wang	Sohi Nikkhah
Rae Desmond Jones	Taryn Rowe
Ben Stafford	Trevor Curren
Sue Oleary	Sally Stokes
Bhanu Singh	Arup Biswas

Additional information

1. Anglicare Australia - Beyond supply and demand: addressing the complexities of workforce exclusion in Australia, received from Anglicare Australia at a public hearing on 4 October 2016.
2. Living Standard Trends in Australia: Report for Anglicare Australia, prepared by NATSEM (University of Canberra), received from Anglicare Australia at a public hearing on 4 October 2016.
3. Opening statement and expanded evidence, received from Australian Home Childcare at a public hearing on 4 October 2016.
4. Comparison of proposed Coalition policy of Childcare and Family payments with current policy, by Ben Phillips and Cukkoo Joseph, ANU Centre for Social Research and Methods, September 2016, received from The Parenthood at public hearing on 4 October 2016.

Tabled documents

SNAICC - National Voice for our Children: Bubup Wilam for Early Learning Aboriginal Child and Family Centre - Aboriginal Early Years Integrated Model of Excellence, September 2016 (public hearing 3 October 2016)

Answers to questions on notice

1. Mitchell Institute: Answers to questions taken on notice at a public hearing in Melbourne, 3 October 2016 (received 6 October 2016)
2. Community Child Care Association: Answers to questions taken on notice at a public hearing in Melbourne, 3 October 2016 (received 6 October 2016)
3. Family Day Care Australia: Answers to questions taken on notice at a public hearing in Melbourne, 3 October 2016 (received 6 October 2016)
4. The Parenthood: Answers to questions taken on notice at a public hearing in Melbourne, 4 October 2016 (received 6 October 2016)
5. Anglicare Australia: Answers to questions taken on notice at a public hearing in Melbourne, 4 October 2016 (received 6 October 2016)
6. Department of Social Services: Answers to written questions on notice, provided 5 October 2016 (received 7 October 2016)
7. Department of Education and Training: Answers to questions taken on notice at a public hearing in Melbourne, 4 October 2016 (received 7 October 2016)

APPENDIX 2

Public Hearings

Monday, 3 October 2016 - Melbourne

Committee members in attendance: Senators McKenzie, Hanson-Young, Paterson, Kakoschke-Moore, Collins

Witnesses

ATKINSON, Ms Geraldine, Deputy Chairperson, SNAICC - National Voice for Our Children

BOWLER, Ms Anne, President, National Association of Mobile Services for Rural and Remote Families and Children

BUTT, Mr Matthew, Executive Officer, National Welfare Rights Network

CHERRY, Mr John, Advocacy Manager, Goodstart Early Learning

DAVISON, Ms Linda, Deputy Chairperson, Community Child Care Association

FOX, Dr Stacey, Policy Fellow, Mitchell Institute

GIARDINA, Ms Leanne, Executive Director, Community Child Care Association

GIBBONS, Ms Helen Mary, Assistant National Secretary, United Voice

GILLEN, Ms Erin, Acting Director, Federation of Ethnic Communities Councils of Australia

MONDO, Mr Paul, Secretary, Australian Childcare Alliance

NOTT, Mr Bernie, Co-Chair, Early Learning and Care Council of Australia

O'CONNELL, Ms Megan, Policy Program Director, Mitchell Institute

PAGE, Ms Samantha, Chief Executive Officer, Early Childhood Australia

ROLLASON, Mr Scott, General Manager, Family Day Care Australia

SYDENHAM, Ms Emma, Deputy CEO, SNAICC—National Voice for Our Children

THORPE, Ms Lisa, Member, SNAICC, and CEO, Bubup Wilam for Early Learning

Tuesday, 4 October 2016 - Melbourne

Committee members in attendance: Senators McKenzie, Hanson-Young, Paterson, Kakoschke-Moore, Collins, Lambie

Witnesses

ARCH, Ms Kerry, Parent Member, The Parenthood

BRISKEY, Ms Jo, Executive Director, The Parenthood

HALBERT, Ms Cath, Group Manager, Payments Policy Group, Department of Social Services

MANDERSON, Mr Roland, Deputy Director, Anglicare Australia

MITCHELL, Ms Gillian, Acting Deputy Secretary, Early Childhood and Child Care Cluster, Department of Education and Training

MORGAN, Ms Nicole, Committee Member, Australian Home Childcare Association

RANDALL, Ms Natasha, Committee Secretary, Australian Home Childcare Association

WILLING, Mr Jeff, Acting Group Manager, Early Childhood Strategy Group, Department of Education and Training

WILSON, Ms Jackie, Acting Secretary, Department of Education and Training

ZABAR, Mr Joseph, Director, Catholic Social Services Australia

