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Senate Education and Employment Committees
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Inquiry into the Family Assistance Legislation Amendment (Child Care Measures) Bill 2014

Thank you for the opportunity to provide information to the Senate Education, Employment and the Workplace Relations Legislation Committee inquiry into the provisions of the Family Assistance Legislation Amendment (Child Care Measures) Bill 2014.

Australian Community Children's Services (ACCS) is the peak body representing Australia's not for profit community managed education and care services and those who support the rights of children to access these services. ACCS has branches in each State and contact representatives in each Territory. The membership base covers all education and care service types including long day care, family day care, in home care, outside school hours care, preschool, integrated child and family centres, and budget based funded services. ACCS membership includes metropolitan, regional and rural and remote services.

ACCS does not support this Bill. ACCS believes that it is short-sighted and counterproductive to implement legislative changes to Child Care Rebate (CCR) and Child Care Benefit (CCB) while the *Productivity Commission's Inquiry into Child Care and Early Childhood Learning* is still underway. These measures which are short term budget savings instruments will only serve to further compound issues of affordability for families.

With regard to each of the proposed amendments ACCS provides the following comments.

- *Maintain the current Child Care Rebate (CCR) limit at \$7,500 per child, per financial year, by continuing to pause the indexation of the CCR limit for a further three income years to 30 June 2017*

ACCS supports an equitable model of funding with the lowest income families getting the most financial support. In principle therefore ACCS is not opposed to pausing indexation of CCR limit as only high income earners usually receive the



maximum CCR. ACCS believes however that this should not be done in isolation as a cost saving measure but as part of a thorough review of funding with any savings made in this area redirected to funding increased access to education and care for low and middle income families.

- *Maintain the Child Care Benefit income thresholds at the amount applicable as at 30 June 2014, for three income years to 30 June 2017*

ACCS is completely opposed to this amendment. ACCS believes that CCB thresholds should receive at least CPI increases annually so that CCB keeps pace with cost of education and care. ACCS believes that a substantial review of how funding is delivered is necessary (see recommendations below).

ACCS believes that all families, regardless of circumstance, need to be able to afford the cost of attending quality early and middle childhood education and care services and that there are significant issues with the way education and care is currently funded in Australia.

The current system of CCR, CCB, Special CCB, Grandparent CCB, Inclusion Support Subsidy (ISS) and state/territory based funding for preschool/kindergarten is complex and burdensome for families and services. New mechanisms are needed to deliver public funding in ways that make sense to families and service providers, and which give government direct control over the policy outcomes of this investment. It is essential that the goals of addressing affordability, accessibility and availability do not come at the expense of quality. The reality is that the existing funding envelope needs to be increased to achieve these goals.

Given the current context of early and middle childhood education and care in Australia, ACCS supports a cost sharing model with government, employers and families contributing to the cost of universally accessible high quality education and care. ACCS supports an equitable model with the lowest income families getting the most financial support. ACCS does not support any tax deductibility mechanisms as these will support high income over low income families.

ACCS draws the attention of the Committee to the following recommendations about funding of education and care made in our submission to the *Productivity Commission's Inquiry into Child Care and Early Childhood Learning*.

- An increase to the current level of Australian Government funding with consideration being given to redirecting some funds from the proposed new Paid Parental Leave scheme.
- Establishing a nationally consistent system for state and federal investment in all early and middle childhood education and care services in scope of



the NQF including long day care, outside school hours care, occasional care, limited hours care, family day care, in-home care, preschools and kindergartens to ensure affordability of children's services.

- The creation of one simple consolidated payment system which is paid directly to services which achieves the goal of rolling the investment of the CCR into the current CCB, as recommended by the Henry Tax Review.
- Developing the new combined payment to be delivered by one agency and to be accessible and transparent for families and services.
- Increasing the Australian Government subsidies to 90% of the **full** costs of child care for low income families.
- Increasing the Australian Government subsidies to 100% of the **full** costs of child care for children known to the child protection system, and others at risk or vulnerable children and development of mechanisms that do not depend on regular reapplication processes.
- The provision for additional inclusion support funding to be included in this single streamlined payment.
- Expansion of inclusion support funding to include meeting children's medical needs.
- Higher differential Australian Government subsidy rates for children's services located in areas of vulnerability as defined by SEIFA.
- Higher differential Australian Government subsidy rates for rural and remote communities.

Yours sincerely

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ACCS National Convenor