

Senate Community Affairs Legislation Committee

Social Services Legislation Amendment (Omnibus Savings and Child Care Reform) Bill 2017

Public Hearing
THURSDAY 9 MARCH 2017

QUESTION ON NOTICE: No 15

Senator Siewert, Rachel asked on Proof Hansard page 73

CDEP – dealing with penalties for No Show, No Pay

Question

Senator SIEWERT: I am not trying to be pedantic here, but we have been dealing with CDEP quite a bit and I know about the large number of No Show, No Pay et cetera. How are you intending to deal with that process, because it is highly controversial in communities at the moment with the number of penalties that are being applied? How are you going to deal with the issue of people being applied penalties for No Show, No Pay and things like that? Is that going to count as not an activity?

Ms Mitchell: My understanding, based on advice that we received earlier today from our DSS colleagues, is that if there is a No Show, No Pay penalty then for CDEP purposes the person is deemed to not be meeting their participation requirements. Because that participation requirement is their recognised activity, we would need to work through that. This is a new issue for us and I think we need to go back and have further discussions about how we would treat that, because we would want the child care to continue. So we need to sort through that in consultation with our colleagues at DSS, and also with the sector.

Ms Halbert: And the Department of Prime Minister and Cabinet, who own the policy for CDEP.

Senator SIEWERT: Could you take that issue on notice? Obviously, it is an issue that is going to be important for the regional and remote communities.

Answer

As advised at the Inquiry hearing on 9 March 2017, the Department of Education and Training will work with the Department of the Prime Minister and Cabinet and the Department of Social Services to determine how participation requirements under the Community Development Employment Projects will interact with activity test requirements under the Child Care Subsidy.

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QUESTION ON NOTICE: No 16

Senator Duniam, Jonathon provided in writing

Activity test and casual employment

Question

How do you respond to sector concerns around the way the activity test will work for those with casual or intermittent work? And what happens to someone who loses their job on Friday – does that mean they have no child care support on Monday?

Answer

Under the Jobs for Families Child Care Package it is intended that families with irregular working hours, such as seasonal or casual workers, will be able to estimate their activity over a three month period in order to have access to required child care. The purpose of this is to support workforce participation by subsidising a continuous amount of child care. The relevant Minister's Rule has been consulted on, and in line with standard process, will be finalised and published once legislation is passed.

In relation to families or individuals who experience job loss, the Child Care Subsidy activity test is flexible and will align hours of subsidised care with the combined amount of work, study, training or other recognised activity. A broad range of activities will meet the activity test requirements, including paid work, looking for work, being self-employed, doing unpaid work in a family business, volunteering or studying.

In addition to the above flexibility of the Child Care Subsidy activity test, families or individuals who are experiencing significant financial stress due to exceptional circumstances, such as job loss, will be able to receive support under the Additional Child Care Subsidy (Temporary Financial Hardship). The intent of this subsidy is to ensure that parents with children engaged in mainstream child care do not withdraw them due to short-term financial difficulties.

Families who meet additional eligibility requirements for the Additional Child Care Subsidy (Temporary Financial Hardship) will be eligible for a subsidy equal to 100 per cent of the actual fee charged (up to 120 per cent of the relevant fee cap) and will be exempt from the Child Care Subsidy activity test.

Eligible families will be able to access this additional assistance immediately (so, for example, from Monday following the loss of a job on Friday).

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QUESTION ON NOTICE: No 17

Senator Duniam, Johnathon, provided in writing

Question

With regard to concerns raised by NAMS and SNAICC about the BBF transition, including for mobiles:

- a) Ms Bowler suggested that many services will close, what is the government doing to prevent that from happening?
- b) Are there BBFs that will be better off?
- c) Is there a limit on the time BBFs will transition like the 12 months mentioned this morning?
- d) What is the current funding for BBFs?
- e) Is this funding secured for longer than a year?
- f) Is this funding legislated or guaranteed in the way that SNAICC seems to request?

Answer

- a) To maintain continuity of service delivery where it is needed, the Government is providing tailored assistance to each Budget Based Funded (BBF) service so that they can continue to provide a valued community service.
- b) Yes. For the first time, from July 2018, parents using BBF services will have access to the Child Care Subsidy which will give services that relied on grant funding an opportunity to grow and support a larger number of children. Unlike the current BBF program, which is capped, income from the Child Care Subsidy can increase as the number of eligible children in attendance grows. Similarly, the Additional Child Care Subsidy (ACCS) will also support families based on their individual needs.
Services will be able to also seek supplementary, tailored sustainability funding under the Community Child Care Fund (CCCF). This will particularly help services that need additional financial support. There will be a separate non-competitive component of the CCCF so that BBF services do not need to compete for the funding they receive in order to be viable.
- c) No. The CCCF is a \$110 million fund every year under the new child care package. Initial funding agreements for CCCF will include regular review points and be offered for three to five years in recognition that transition may take some time and that services need certainty.
- d) As identified in our submission to this Inquiry, the current BBF Programme is capped at \$61.8 million per year.
- e) No. Current BBF services are funded on a year to year basis.
- f) No. Current BBF funding arrangements are not legislated.

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QUESTION ON NOTICE: No 18

Senator Watt, Murray provided in writing

Modelling

Question

Would the changes to increase access for children as discussed at the hearing into the 2016 Bill now be cheaper as a result of the MYEFO write-down? If yes, can you update those figures? In particular:

- a) Changing the activity test to provide 15 hours per week for all children up a family income of \$65,000, \$80,000 and \$100,000
- b) Changing the activity test to provide 18 hours per week for all children up to a family income of \$65,000, \$80,000 and \$100,000
- c) Changing the activity test to provide 20 hours per week for all children up to a family income of \$65,000, \$80,000 and \$100,000
- d) Changing the activity test to provide 24 hours per week for all children up to a family income of \$65,000, \$80,000 and \$100,000.

Answer

As discussed at the Inquiry hearing the department has modelled a significant number of options for Government in developing the *Jobs for Families* Child Care Package.

Since the MYEFO the department has not remodelled the sector proposal that was discussed at the hearing into the 2016 Bill.

The MYEFO estimates variation will make no difference to the level of fee assistance available to families under the Child Care Subsidy or change the benefits that the Package will bring to child care services' business operations.