



**ASU Submissions to the Australian Senate
Education and Employment Committee**

**Inquiry into the Family Assistance Legislation
Amendment (Child Care Measures) Bill (No. 2)
2014**

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About the Australian Services Union

The Australian Municipal, Administrative, Clerical and Services Union (ASU) is one of Australia's largest unions, representing approximately 120,000 members. The ASU was created in 1993. It brought together three large unions – the Federated Clerks Union, the Municipal Officers Association and the Municipal Employees Union, as well as a number of smaller organisations representing social welfare, information technology.

Today, the ASU's members work in a wide variety of industries and occupations and especially in the following industries and occupations:

- Local Government (both blue and white collar employment)
- Social and community services, including employment services
- Transport, including passenger air and rail transport, road, rail and airfreight transport
- Clerical and administrative employees in commerce and industry generally
- Call centres
- Electricity generation, transmission and distribution
- Water industry
- Higher education (Queensland and South Australia).

The ASU is the largest Local Government union in Australia, and represents Early Childhood Educators employed in Local Government Child Care centres, including Long Day Care, Pre-schools, Out of School Hours Care (OOSHC), and facilitation of Family Day Care (FDC). The ASU has members in every State and Territory of Australia, as well as in most regional centres. We are a community-based organisation and take a strong view about the success of Local Government. Our members tend to live in the communities where they work:

In both urban and regional areas, the local council is often the largest single employer; therefore, uncertainty has significant economic impacts locally. The economic interests of Australian urban, rural and remote communities need a resolution.¹

Therefore, ASU advocacy extends beyond negotiated industrial outcomes for members. The ASU has a true commitment to the Local Government industry with a proud history; since 1871, of representing employees and that has a far-reaching effect on the sustainability of all communities. The ASU is a significant advocate and our issues are representative of all Australians.

Local government manages large non-user pay sections of infrastructure across Australian communities, is a community governance and provides a wide range of equitably accessible services for which there is no other adequate provider in a market approach. Early Childhood Education and Care (ECEC) and the facilities in which care is housed are a significant development opportunity and

¹ Aph.gov.au 2013. Final report on the majority finding of the Expert Panel on Constitutional Recognition of Local Government; the case for financial recognition, the likelihood of success and lessons from the history of constitutional referenda. [ONLINE] Available at:
http://www.aph.gov.au/parliamentary_business/committees/house_of_representatives_committees?url=jsclg/localgovt/finalreport.htm

service to communities provided by Local Government; which can be complemented by Local Government coordination of other community health services and so on. Local Government investment alone for infrastructure that supports Child Care is of significant importance to communities and without limits to outcomes, most Local Government infrastructure supports robust communities.

Introduction

The ASU welcomes the opportunity to participate in the Senate Education and Employment Committee Inquiry into the *Family Assistance Legislation Amendment (Child Care Measures) Bill (No. 2) 2014*.

The Union is aware that the intent of the Bill is to amend the *A New Tax System (Family Assistance) Act 1999* to maintain the child care benefit income thresholds at the amounts applicable as at 30 June 2014 for three years from 1 July 2014. The Union is of the view that this would effectively reduce the amount of benefits received by some low and middle-income families and reduce the number of families which receive the benefits.

We also note that a key aim of the bill is to make savings consistent with the 2014-15 Federal Budget, as expressed by Ms Ley (Assistant Minister for Education) in her Second Reading Speech.² Ms Ley estimated that the freezing of the income thresholds will result in a “saving of \$230 million over the forward estimates” [four years].³

The freeze in the income threshold could similarly be viewed as representing \$230 million which would not go toward assisting families to meet their child care costs and would also direct funds away from quality approved ECEC services which they may otherwise use.

The Union is concerned that the legislation, if passed, could have a number of negative consequences for children affected, particularly those from low-income families as well as having a negative impact on our members who provide valued early childhood education and care.

² Aph.gov.au 2014, House of Representatives, Hansard, Ms Ley, Sussan MP, [Assistant Minister for Education] Second Reading, Wed 25 June 2014

<<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansard%2F0b40817f-a75a-4ce9-b4bd-0a2dcd932168%2F0025%22>> viewed 23 July, 2014.

³ Ibid.

Child Care Benefits

The Child Care Benefit (CCB) is paid to parents using 'approved' or 'registered' child care services.

'Registered' care is provided by grandparents and other relatives, paid at a lower rate than approved care. There is no income test for parents/carers using registered care. Both parents or a single parent must meet the work, training, study test during the week that child care is used to receive up to a 50 hour limit.⁴

'Approved' care services are offered by most long day care, family day care, outside school-hours care, vacation care and some in-home or occasional care services. As noted previously, these are areas where many of our members are employed and it is this Approved care area which is largely affected by the Bill and will therefore receive our attention in this submission.

The *Bills Digest* notes⁵ that Approved care services must meet requirements set out in family assistance law and relevant instruments. Parents/carers using approved care services can claim the CCB for between 24-50 hours care per child per week. To be eligible for more than 24 hours, they must meet the work, training, study test requirements.

There is an income test for parents who use the approved services. For example the 2013-2014 income test threshold for one child was set at \$41,902. This CCB income threshold has been increased annually in line with rises in the Consumer Price Index (CPI). Consequently, the income threshold for parents with one child rose for the 2014-2015 financial period to \$42,997.⁶

In broad terms, families with annual income under \$42,997 can receive the maximum rate of payable benefit. But the benefit reduces to \$0 once the income increases to a determined amount and other factors are taken into account.⁷

While incomes continue to rise, the three year freezing of the income threshold will effectively reduce the number of low and mid-income families who are eligible for the maximum payable benefit.

This compounds the financial situation faced by parents who have already found that, even with the CPI increases, the CCB has not keep pace with costs.⁹

⁴ Parliamentary Library, Bills Digest No. 4, 2014-15, *Family Assistance Legislation Amendment (Child Care Measures) Bill (No.2) 2014*, 7 July 2014.

<http://parlinfo.aph.gov.au/parlInfo/download/legislation/billsdgs/3265738/upload_binary/3265738.pdf;fileType=application%2Fpdf#search=%22r5301%22> accessed 23/7/14.

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.

⁸ See Department of Human Services – Child Care Benefits – Eligibility Basics on the website <www.humanservices.gov.au> for updated details about the benefit.

⁹ See Early Childhood Australia, *Submission on Education and Employment Legislation Committee Inquiry into the Family Assistance Legislation Amendment (Child Care Measures) Bill 2014*, submitted June 2014 for discussion regarding the erosion of the value of government assistance over time, p5f, available on <http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_and_Employment/Family_Assistance_Legislation_Amendment_Child_Care_Measures_Bill_2014/Submissions>.

Workforce participation

Child care services need to be affordability, quality and accessibility. These tend to be the important elements considered when parents make decisions about accessing early childhood education and care (ECEC) and their own participation in the workforce. Parents increasingly rely on ECEC to support their workforce participation.¹⁰ It is of great concern that the Bill may affect parental participation in the workforce.

Access to quality ECEC enables many women to increase workforce participation and help them balance work and family life. But statistics indicate that workforce participation for women in Australia is still relatively low compared with male participation (for instance, the male participation rate was 79.2% compared with female participation of 65.2% during the 2011-12 period.)¹¹

The ASU agrees with the objective of supporting women who wish to participate in the workforce because it provides them and the broader community with a range of benefits. These may include:

- Poverty reduction
- Improvements in disadvantage positions
- Increased independence, resourcefulness and confidence
- Economic security can make more lifestyle options available
- Possible increased opportunities for social and intellectual interaction
- Diversification of role models
- Increased economic resilience for families in crisis
- Effective use of the skills of working women
- Support of women's equality
- Widening talent pool and perspectives within industries and government¹²

However, the ASU is concerned that the current Bill will make it more difficult, over time, for some families to access the level of services that they need and this will limit the opportunity for women to increase their workforce participation. This situation makes it more difficult for the governments to achieve other national economic/ productivity goals.

Government investment in quality ECEC is a critical investment into the future of the nation and increases the valuable contribution that women make to the economy and the productivity of the nation.

While many people choose to stay home with their children, many parents complain of a shortage of child care places to meet their particular needs. This is particularly the case in regional and rural

¹⁰ Council of Australian Governments (COAG), *Investing in the Early Years – A National Early Childhood Development Strategy: An Initiative of the Council of Australian Governments*, 2 July 2009, page 6 <https://www.coag.gov.au/sites/default/files/national_ECD_strategy.pdf> viewed 22 July 2014.

¹¹ Australian Bureau of Statistics (ABS), *Labour Force, Cat. 4125.0 - Gender Indicators, Australia Jan 2013*, <<http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/4125.0main+features1110Jan%202013>> viewed 25 July 2014.

¹² IMF Staff *Discussion Note: Women, Work, and the Economy: Macroeconomic Gains from Gender Equity*, September 2013, SDN/13/10, <<https://www.imf.org/external/pubs/ft/sdn/2013/sdn1310.pdf>> viewed 25 July, 2014.

areas. However, it should be noted that the situation varies from one region to the next, with an under-supply of places in some areas while others are reported to have an over-supply.¹³

For the women who consequently drop out of the workforce, it can be harder to re-enter the labour market at a later time. This is particularly the case if skills attrition results from long periods of unemployment. This can have devastating consequences for the women involved. In addition, it can have negative social and economic implications for the broader society and may result in longer term calls on the public purse, particularly as a result of lost economic independence for the women involved.

Quality services are critical

A number of studies over recent years have demonstrated the value of quality ECEC, their families and the community as a whole. In particular, there has been improvement in our understanding of early brain development of children and the importance of positive early childhood experiences on their future health, development, learning and wellbeing. It is also important to note that children from disadvantaged backgrounds have much to gain from good quality programs and supports and that these bring wider community benefits as well.¹⁴

Benefits of quality services, support and educational programs in the early years include:

- Early identification of children at risk
- Improved brain development
- Improved cognitive, emotional and physical development
- Improved school attendance
- Improved socialisation with other children.
- Better performance at school
- Improved longer term prospect¹⁵¹⁶

All these benefits can improve long term outcomes for children in terms of furthering their educational opportunities, workforce opportunities and general contribution to community life. The long term benefits for children also have compounding benefits to the wider community in terms of less attention being needed on such things as remedial health issues, welfare and outcomes of inequality and crime.¹⁷

Any policies or legislation which reduce support for struggling families, particularly for low income and disadvantaged families, should also take into account any potential long term social costs which will inevitably require attention in future budgets.

¹³ Community Child Care Co-op (CCCC), Cred Community Planning and Australian Community Children's Services NSW (ACCS), *Childcare, roads, rates and rubbish: NSW Local Government and Early Education and Care*, January 2013 p 2, < <http://cccnsw.org.au/publications/other> > viewed 23 July 2014.

¹⁴ Ibid. p9

¹⁵ Ibid.

¹⁶ COAG Op Cit. p9

¹⁷ Ibid.

Impact on Child Care Educators and Care Workers

As has been noted, investment in quality ECEC has a range of longer term benefits for the national economy as well as individuals and families. Although the level of involvement by local government in ECEC varies from state to state, the contribution which local government makes to quality ECEC is significant. Indeed, local government run services are generally viewed by the community as providing good value for money in the provision of quality services.¹⁸

We note for example, the finding of a NSW Local Government and Early Education and Care report, which compared National Quality Standards of various types of ECEC providers. The report concluded that council service providers “scored higher ratings to date against the National Quality Standard for early childhood education and care services”.¹⁹

However, shifts in public policy at other levels of government which result in reductions in the use of child care services or the diversity of services can threaten the viability of some valued services and the livelihood of valued ECEC workers. If this situation happens, it can result in the wasteful loss of skilled local community workers.

In recent years there has been an increasing understanding that the key drivers of quality in ECEC are the qualifications of the educators and the numbers of the educators employed (staff to child ratio).²⁰ As with many other community services areas, the ECEC workforce is predominantly female. Indeed an ABS report on Community Service Workers in 2011, indicated that 96% of Child Care Service workers in Australia were women.²¹

These women often have a range of family and caring commitments outside their paid employment. They require adequate pay, flexibility to manage their commitment family commitments, as well as requiring certainty of employment.

It has already been noted that the reduction in expenditure on the CCB, as a result of the income threshold freeze, is expected to be around \$230 million. It is likely that this will have negative consequences for the workforce if it results in a decrease in spending on ECEC due to affordability issues.

Uncertainty of ongoing employment is not a factor which would encourage workers to seek employment in the child care arena. Indeed in some regions, child care centres already face significant problems in trying to attract qualified staff. Childcare workers need to know that their work will be valued into the future and that they will receive adequate remuneration and employment certainty in order to be attracted to the industry and be encouraged to stay.

¹⁸ CCCC et al, Op Cit p18.

¹⁹ Ibid.

²⁰ Ibid.

²¹ ABS, ‘Community Service Workers’ , Cat. 4102.0 – *Australian Social Trends*, Sept 2011, , <<http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4102.0Main+Features30Sep+2011>,> viewed 25 July, 2014.

Diversity and flexibility needed

The Union wishes to draw attention to the point that the expansion of market forces into the provision of child care in recent times has not made child care more affordable, accessible or adequate. Indeed, the shift away from public sector and non-government community based funding toward funding of private sector service provision has had a detrimental impact on diversity and service quality in child care as private sector service providers focus on maximising expansion in profitable areas. This focus has the long term effect of limiting choice for parents. This has had a particularly negative impact on low-income and disadvantaged families as well as those living in regional and rural areas.

Conclusion

The ASU has been a significant contributor to a range of inquiries and debates on Federal Government policy and legislation. The ASU is therefore please to have had the opportunity to participate in the Australian Senate Education and Employment Committee Inquiry into the *Family Assistance Legislation Amendment (Child Care Measures) Bill (No.2) 2014*.

The ASU concludes that the *Family Assistance Legislation Amendment (Child Care Measures) Bill (No.2) 2014* should not to be supported because the freeze on the income threshold will have a negative impact on low and middle income families, female employment participation as well as affecting workers employed in early childhood education and care.

If invited to do so, the ASU would welcome the opportunity to appear before the Committee at a future date and at any public hearing(s) in order to represent the arguments more fully, on behalf of our members.