

Community Child Care Co-operative (NSW) was established in 1978 and is a not-for-profit organisation that promotes, supports and advocates for quality early education and care services; meeting the needs of children, their families and the community. Community Child Care Co-operative NSW has a variety of roles in the NSW education and care sector which leave us uniquely placed to provide this submission.

We are:

- a peak organisation in NSW representing over 1800 education and care services, families and individuals. Although Community Child Care Co-operative represents services in all areas of the education and care services sector, our full members are community based long day care services and community based preschools. Our submission thus predominantly reflects the interests of these two groups.
- A Registered Training Organisation offering a variety of nationally accredited VET courses to education and care services in NSW and their employees, including early childhood teachers.
- The lead agency of Children's Services Central, the Professional Support Co-ordinator in NSW. This program, funded by the Australian Government, under the Inclusion and Professional Support Program, provides a range of professional development to all Australian Government Approved Child Care Services in NSW.
- A well respected advocacy organisation for education and care services in NSW.

CCCC endeavours to:

- Provide leadership which empowers the decision makers within education and care services;
- Identify service provision gaps and needs, and proactively target resources to these areas;
- Support and collaborate with other education and care service providers who reflect similar philosophical beliefs.

1. Community Child Care Co-operative (NSW) has been campaigning for families to have access to affordable early education and care (childcare) for decades. There is no doubt that childcare is not affordable for many Australian families at this time, despite subsidies provided by the Commonwealth Government. For this reason Community Child Care Co-operative does not support the passage of legislation which would reduce the subsidies for families at this time.
2. We must recognise the inequity of fees for participation in early education. Fees vary according to where a child lives, and the type of service they use. We must also recognise that many children miss out because early education is expensive.
3. Community Child Care Co-operative (NSW) believes that funding services, rather than parents, is the way to ensure that fees are contained and equitable. Although our current Child Care Benefit system ensures that public funds go to those that require them the most, our Child Care Rebate system does not.
4. Our subsidy system is inherently inequitable.
 - After subsidies, families in the lowest income bracket with one child in care (ie under \$35,000 per annum) pay the highest percentage of their income for care except for families earning above \$135,000 per annum.
 - After subsidies, families in the lowest income bracket with two children in care (ie under \$35,000 per annum) pay the highest percentage of their income for care except for families earning above \$115,000 per annum.¹
5. Having a dual subsidy system is confusing to parents and unnecessarily costly to administer. Families who use state funded preschools and kindergartens do not understand why they cannot access rebates. Even the terminology is confusing! (How can a service be offered by an 'Approved Provider' under the education and care

¹ http://www.pc.gov.au/__data/assets/pdf_file/0012/132303/rogs-2014-volumeb-chapter3.pdf Table 3A.58

legislation but not be an 'Approved Service' under the family assistance legislation which governs CCB and CCR?)

6. The current administration of payments to parents via services is complex and difficult for parents and services to navigate and costly for services to administer. Some payments go to services (eg Inclusion Support Subsidy) and others to parents via services. Families cannot distinguish between CCB and CCR.
7. Australia's existing investment in early education and care is high but do we achieve the best value for this investment? Community Child Care Co-operative (NSW) believes we need to increase our investment but we also believe that there are structural design issues which cause inflationary effects on early education and care fees that could be changed.
8. An example is the participation of corporate providers in the early education and care sector. Corporations are mandated to ensure they obtain the highest return on shareholders' investments. Obviously this means charging the highest fees that the market will bear.
9. The reliance on a failing method of supply (market forces) also means that early education and care service provision is not subject to normal market price forces. Basic economics teaches us that when demand is greater than supply, prices will rise.
10. Making changes to the income thresholds for CCB and continuing the pause on the indexation level of the CCR, at this stage, will make early education and care less affordable for some families.
11. To make such changes in the context of a wide ranging review into the provision of early education and care in Australia (Productivity Commission Inquiry) seems to be contradictory to the development of sensible, well developed policy. Why make piecemeal changes such as this prior to the report of the Productivity Commission being released? It is expected that the Productivity Commission will include wide ranging changes to the subsidy system for early education and care. To make changes of this sort at this stage would be both short sighted and administratively costly when further changes could reasonably be anticipated within the short term.

Because of these concerns Community Child Care Co-operative NSW does not support the passage of the Bill through the Senate.

- **The Child Care Rebate/Child Care Benefit system is inherently inequitable. We do not support the maintenance of the Child Care Benefit income thresholds at the 30 June 2014 rate for the next three income years to 30 June 2017. This measure will make early education and care less affordable for those on low incomes. Unless the income thresholds increase in line with increases in incomes, those on the lowest wages will receive smaller benefits.**
- **The Child Care Rebate is the more inequitable of the two systems as the maximum benefit accrues to high income earners. Community Child Care Co-operative (NSW) believes that in principle government support to help offset the cost of early education and care should go to those on the lowest incomes. For this reason we would normally not have a problem with the continued pause on the indexation of the CCR, however as this measure is contained within the Family Assistance Legislation Amendment (Child Care Measures) Bill 2014 in conjunction with the CCB amendment we also believe it should be rejected at this stage.**
- **Any changes to either CCB or CCR at this stage before the release of the findings of the Productivity Inquiry would be short sighted, pre-emptive and may require additional changes following reports handed down from Inquiries .**

Community Child Care Co-operative (NSW) therefore requests that the Committee does not support the passage of the Bill in its present format.