

**ACOSS Response to Questions on Notice from Senator Siewert
Senate Community Affairs Committee Inquiry into COVID 19**

19 August 2020

ACOSS further responses to questions on notice are below. To discuss further, please contact Jacqueline Phillips, Deputy CEO and Director of Policy at .

What impact has the removal of free childcare had on low income families?

Low income families were major beneficiaries of free ECEC. Evidence shows that children from low income families stand to benefit the most from access to high quality ECEC, yet high effective marginal tax rates, insecure work and other cost of living pressures mean they are the least likely to attend.

Since a return to fees, some preliminary findings of the impacts on lower-income families (those with a combined family income of less than \$69,000) are reported by a large not-for-profit provider (and ACOSS member) as follows:

- 12% of lower income families have reduced their days.
- 11% of the lower-income families reported that the childcare costs are not manageable within their current family budget even after making substantial sacrifices in other areas, while 71% of the lower-income families reported that the childcare costs are only manageable after making sacrifices in other areas.
- Lower income families also appear to represent around 15% of families that have received access to Temporary Financial Hardship Support which is due to end in September for most families. They are likely to need ongoing support.
- Unfortunately, the provider has not seen an increase in the numbers of families accessing ACCS-Transition to Work – which should be providing a higher subsidy rate (95%) for families in receipt of income support payments – of which there is roughly twice as many families likely to be eligible as previously.
- Lower income families were overrepresented in families that exited ECEC at the start of the pandemic and many of these families have not returned.
- Lower income families have the lowest average participation in ECEC compared with other income levels.
- The Front Project’s research recently found that 64% of lower income households said childcare fees impact their grocery budget.
- Services Australia has access to the national data set that can track the impacts and outcomes of the return to fees by all low-income Australian families.