

Additional Comments by the Nick Xenophon Team

1.1 The Nick Xenophon Team (NXT) is concerned that the childcare reforms will only go ahead if savings from cuts to family tax benefits are achieved. Affordable early childhood education and care (ECEC) should not be contingent upon the Government passing Family Tax Benefit savings measures.

1.2 During committee hearings, Mr Manderson, Deputy Director of Anglicare Australia, highlighted that the linking of the two bills is arbitrary. He noted that:

...as far as I am aware, government has never argued that drought assistance can only be sustained if we cut back on supporting people dealing with floods or bushfires. Nor have I heard any minister argue that veterans' entitlements should be cut to cover the increase in the cost of new aircraft.¹

1.3 We note that the Early Learning and Care Council of Australia raised during the hearings that the Government has already paid for these bills several times over through savings from cuts to family payments, and in 2014 the former Prime Minister Abbott stated that \$2 billion of savings from cuts to the Paid Parental Leave should be diverted into ECEC.²

Recognising the Importance of ECEC

1.4 ECEC is integral to the health and wellbeing of Australian children, and should not be delivered as dependant on cuts to vital family benefits. NXT note that this issue was recognised in the Committee's Report, who determined that none of the submitters provided an adequate alternative funding arrangement. The NXT does not believe it should be the responsibility of witnesses to provide alternative funding arrangements.

1.5 NXT recognises the benefits of ECEC and encourages the government to do the same. For disadvantaged children, access to ECEC is integral their development. NXT notes the statement made by Goodstart Early Learning Centre at the Committee hearing, that:

...evidence from the AEDC, the Australian Early Development Census, shows that, across all income groups, children who have access to preschool before school are a third less likely to start school developmentally vulnerable, and that holds for all income groups.³

1.6 A number of submissions addressed this concern:

1 Mr Roland Manderson, Deputy Director, Anglicare Australia, *Committee Hansard*, 4 October 2016, p. 8.

2 Mr Bernie Nott, Co-Chair, Early Learning and Care Council of Australia, *Committee Hansard*, 3 October 2016, p.11.

3 Mr John Cherry, Advocacy Manager, Goodstart Early Learning, *Committee Hansard*, 3 October 2016, p. 14.

- United Voice, quoting the Australian Institute of Health and Welfare in their submission to the Committee noted that, the greater the degree of vulnerability, the more urgent the need for ECEC.⁴
- United Voice also highlighted the benefits of high quality early learning for disadvantaged children, noting that studies show it improves cognitive, language and social development.⁵
- The Federation of Ethnic Communities' Councils of Australia, advocated the benefits of ECEC to children of migrants, and its integral role in the development of language skills, especially important for children from non-English speaking families.⁶
- The National Welfare Rights Network, noted that there is 'a sound evidence base to support the developmental benefits of early childhood education, especially for children from disadvantaged backgrounds, and the concern to ensure widespread access to these benefits should take precedence over the Government's attempt to use child care subsidies as a policy tool to promote workforce participation'.⁷
- The Mitchell Institute emphasised in their submission to the Committee that 'the early years are a critical window for building the essential foundations that enable all children to be confident and capable learners, and develop social and emotional skills'.⁸
- The Mitchell Institute also stated that 'research demonstrates that all children benefit from participation in quality early education programs and that these benefits are amplified for children from disadvantaged backgrounds, for whom extra hours and longer duration can make a significant, positive and lasting impact on their schooling and beyond'.⁹

1.7 The development of children through access to ECEC needs to be a priority. Children should not be worse off under these proposals.

Ensuring the Diversity and Flexibility of ECEC

1.8 The NXT wants to ensure that the current diversity and flexibility in the types of ECEC will continue under the reforms. Programs such as in-home care and Budget Based Funding (BBF) provide an important service for many families unable to access mainstream services, or for whom they may be unsuitable.

4 United Voice, *Submission 19*.

5 United Voice, *Submission 19*.

6 Federation of Ethnic Communities' Councils of Australia, *Submission 20*.

7 National Welfare Rights Network, *Submission 23*.

8 Mitchell Institute, *Submission 7*.

9 Mitchell Institute, *Submission 7*.

In-Home Care

1.9 NXT wants to ensure that that the proposed package meets the needs of the most vulnerable, and that vital services are being continued. During the Committee hearings, the Australian Home Childcare Association gave some examples of the types of families who use their services. They noted that approximately fifty percent of all of their in-home care clients are families with children or parents with disability or medical needs.¹⁰

1.10 The Australian Home Childcare Association explained that:

In-home care naturally targets vulnerable children. In-home care is currently an approved service with strict eligibility criteria capped to approximately 5,600 equivalent full-time places. There are approximately 62 services nationally which provide care to more than 6,000 marginalised children each week. As many in-home care placements are shorter term, with eligibility being reviewed every six months, the service has the potential to impact a much greater number of Australian children.

These are children like Jake. Jake has very high medical needs. He requires oxygen and a BiPAP machine and 24-hour-a-day care. Jake cannot attend child care. His mother suffers from depression. She has two other children that also require daily care, including simple things like being taken to and from school, which is a hard task with Jake's equipment. With in-home care, Jake can be left at home with a trained educator. In-home care allows his mother to meet the needs of her other children and also maintain her mental health. In-home care also allows Jake to access early education he otherwise may not be able to. The family does not meet the activity requirement of the Nanny Pilot Program, and the NDIS does not provide support for his medical needs.

Cara is a primary school aged child with autism. Her parents are separated. Cara's therapists indicate that after-school care is not in the interests of her mental health. Furthermore, Cara's school have expressed that they are unable to care for Cara. Cara's mother was at risk of losing her job multiple times due to having time off to care for Cara. She desperately waited for in-home care for more than six months. Cara's mother expressed that the Nanny Pilot Program is too expensive with just one child and she was concerned about the training of her nanny versus the in-home educator.¹¹

We have situations where there might be a lot of families where there might be a mother or a father with cancer, and we might come in through their treatment period, through the palliative stage, and we might transition a family from the death of a parent through to the other side.¹²

10 Ms Nicole Morgan, Committee Member, Australian Home Childcare Association, *Committee Hansard*, 4 October 2016, p. 5.

11 Ms Natasha Randall, Committee Secretary, Australian Home Childcare Association, *Committee Hansard*, 4 October 2016, p. 1.

12 Ms Nicole Morgan, Committee Member, Australian Home Childcare Association, *Committee Hansard*, 4 October 2016, p. 5.

1.11 NXT are concerned this legislation does not mention in-home care. In-home care provides a special and necessary service for families to whom mainstream care is either unavailable or inappropriate. It provides a vital service for families with complex needs, such as families in remote areas, those with children with disabilities, or with parents who have multiple disabilities. This program has also evolved to include children who are marginalised and deemed at risk of harm, abuse or neglect, as explained by the Australian Home Childcare Association.¹³

1.12 The diversity and flexibility of Australian families need to be reflected in the types of ECEC available. NXT is concerned that these reforms will deny a range of high need, at risk and non-mainstream children access to suitable ECEC.

Budget Based Funding

1.13 Budget Based Funding (BBF) was introduced with the intention to allow early ECEC to be conducted in areas in which the market would not otherwise sustain it. Approximately 80 per cent of BBF funding goes to ECEC in Indigenous communities. We note the concerns raised by SNAICC in their submission to the Committee regarding the affect the cessation of the BBF will have on Indigenous children and Indigenous communities. As noted by SNAICC in the committee hearings, BBF supports approximately 19 000 children.¹⁴

1.14 SNAICC stated that:

...engagement in early childhood education reduces risk of harm to a child, and subsequent involvement with statutory child protection authorities, as well as reductions in remedial services and criminal behaviour in the longer term. Holistic community based Indigenous services are a central preventative measure to strengthen families and prevent child abuse and neglect.¹⁵

1.15 NXT are concerned about the impact the cessation of the BBF program would have on indigenous communities, and the resulting effect on efforts to close the gap. It is imperative that Indigenous children and children in rural and remote communities have access to ECEC just as any other child in Australia.

1.16 NXT notes that the Australian Home Childcare Association stated in the Committee hearing, that in regards to the continuation of BBF programs, they 'have not had any clear communication that gives us a pathway or a direction or certainty for those families'.¹⁶

13 Ms Natasha Randall, Committee Secretary, Australian Home Childcare Association, *Committee Hansard*, 4 October 2016, p. 1.

14 Ms Emma Sydenham, Deputy CEO, SNAICC—National Voice for Our Children, *Committee Hansard*, 3 October 2016, p. 7

15 SNAICC, *Submission 16*.

16 Ms Natasha Randall, Committee Member, Australian Home Childcare Association, *Committee Hansard*, 4 October 2016, p. 3.

Recommendation 1

The Department of Education clarify as a matter of urgency whether funding for in-home care will continue to be made available under the Jobs for Families package.

Consulting with Stakeholders

1.17 NXT is concerned that the government did not conduct an appropriate consultation process in the development of this package. Important stakeholders such as SNAICC were not invited to be a part of the initial reference group during the consultation period.¹⁷ When questioned about the number of Indigenous organisations involved in the consultation process the Department was unable to name a single organisation, and the response from the Department on this issue appears to be quite unsatisfactory.

Senator KAKOSCHKE-MOORE: I understand that it is an invitation-only process to consult with the ministerial advisory council. Were there any Indigenous organisations that were invited to be part of the ministerial advisory council?

Ms Wilson: There actually is an Indigenous member of the council, but that person just does not wear a hat in terms of SNAICC. Is it Judith Tempest? She is from New South Wales, so there is an Indigenous member in the that (sic) group. Judith McKay-Tempest.¹⁸

1.18 NXT believe in the benefits of a broad consultation process with appropriate stakeholders, by whom and for whom these services are provided. During the committee hearings, SNAICC noted that it appeared the Government presented a 'very clear package...with very little room for negotiation'.¹⁹ NXT are concerned that the programs may be unworkable, and that a number of families will be left without appropriate services due to this failure.

1.19 United Voice also raised concerns in their submission to the inquiry, that the Stakeholder Reference Group who were consulted during the creation of these bills met only three times and were 'not so much consultation sessions as information sessions'.²⁰

1.20 At the Committee hearings, the Government conceded by that they have not communicated 'as often or as much as they should have with providers and with

17 Ms Geraldine Atkinson, Deputy Chairperson, SNAICC, *Committee Hansard*, 3 October 2016, p. 6.

18 Ms Jackie Wilson, Acting Secretary, Department of Education and Training, *Committee Hansard*, 4 October 2016, p. 27.

19 Ms Emma Sydenham, Deputy CEO, SNAICC—National Voice for Our Children, *Committee Hansard*, 3 October 2016, p. 7.

20 United Voice, *Submission 2*.

families'.²¹ This failure should be addressed, and relevant stakeholders should have been consulted in the early stages to ensure that what is proposed meets the needs of the most vulnerable and marginalised. At the Committee hearing, SNAICC suggested that 'perhaps consulting earlier and with an open mind to actually listening and engaging to develop a collective package that best meets the needs of those very diverse children would be best.'²²

Recommendation 2

The Department of Education review their consultation procedures to ensure that all appropriate stakeholder groups are comprehensively consulted when reform packages are being developed.

Transparency

1.21 NXT are concerned about the lack of transparency surrounding the tender process currently being undertaken by the government in regards to funding of ECEC. As noted by Ms Sydenham, Deputy CEO of SNAICC, SNAICC are concerned about the ability of this proposed package to meet the needs of the most vulnerable, and that without the information collated during the tender process, Senators may not have access to all the appropriate information. In their submission, SNAICC stated that tenders for a number of ECEC services are currently out, and that the tender information would be highly useful to determine whether the package will be able to deliver the services required.²³

1.22 During the Committee hearing Ms Sydenham stated that:

All evidence available at the moment suggests that there will be a significant decrease in access for Aboriginal and Torres Strait Islander children, and other children, to early learning under the budget-based funding program. The government at the moment is undertaking probably the largest, most comprehensive assessment of the capacity of budget-based funding services to transition at all to the new package, and a transition support process. We believe this is really critical information that should be on the public record and that should be able to assist and inform senators in their decision on whether to approve this bill or what amendments are required to make sure that it does improve access for all vulnerable children. So we would seek to have the government share the reports—each service will have a report of its own; I believe they do not have the final reports as yet—or to have the government provide a review or a systemic analysis of what is coming out of that tender process or that research process.²⁴

21 Ms Jackie Wilson, Acting Secretary, Department of Education and Training, *Committee Hansard*, p. 23.

22 Ms Emma Sydenham, Deputy CEO, SNAICC – National Voice for Our Children, *Committee Hansard*, 3 October 2016, p. 7.

23 SNAICC, *Submission 16*.

24 Ms Emma Sydenham, Deputy CEO, SNAICC – National Voice for Our Children, *Committee Hansard*, 3 October 2016, p. 5.

1.23 NXT believe the government needs to be transparent in the way these tenders are being offered. This information will helpfully inform any future decisions about client need and service delivery.

Recommendation 3

The Department of Education and Training make public information in relation to the tenders.

Activity Test

1.24 NXT is concerned about changes to the activity test. The government is proposing to determine the amount of hours of subsidised ECEC through an activity test, whereby families earning up to \$65 710 where one parent works less than 17 hours, but more than 8 hours a fortnight, are eligible for 18 hours of subsidised ECEC a week. For parents who don't satisfy the activity test they will be able to access only 12 hours a week. Previously, if parents worked less than 15 hours a week they were eligible for up to 24 hours of subsidised ECEC.

1.25 NXT believes that all children should have access to ECEC regardless of the activities undertaken by their parents. Some concerns were raised that this could mean that parents would put their children in ECEC so they could go to the pub. Mr Manderson of Anglicare Australia addressed this concern at the Committee Hearing:

Mr Manderson: ...I do not accept the poetic notion of linking it with people down at the pub drinking. I think that is facile and I think it is unhelpful.

Senator PATERSON: I do not think it is clear then what your view is about whether that is okay or not.

Mr Manderson: I am not saying it is okay; I am saying it should not cost those kids their child care.

Senator PATERSON: Should the design of the system allow for it?

Mr Manderson: The design of the system should give those children the educational opportunities they need.²⁵

1.26 As United Voice highlighted during the hearing, and reflected in their submissions, access to ECEC is best understood as a right held by the child regardless of their parents' capacity to work or inability to pay. The noted that as a minimum, all children should have access to a minimum of 24 hours, or two days, of subsidised ECEC per week.²⁶

Senator KAKOSCHKE-MOORE: There has been some discussion today about changing the minimum hours, and a proposition that we could shift

25 Mr Roland Manderson, Deputy Director, Anglicare Australia, *Committee Hansard*, 4 October 2016, p. 13.

26 Ms Helen Mary Gibbons, Assistant National Secretary, United Voice, *Committee Hansard*, 3 October 2016, p. 35.

from 12 hours subsidised care per week to 15. Does United Voice have a view on that?

Ms Gibbons: I note that there were a number of submissions, and particularly the submissions from ACA, ECA and the Early Learning and Care Council, that suggested that. The current arrangement is that people are able to access 24 hours of subsidised care a week. We would prefer to maintain that because that provides two days of early learning—two full days of early learning—for children. If children are at the heart of this policy then that is an arrangement that would work for them.

It also overcomes the issues that I talked about with the casual worker who has all of these different arrangements and has to try to work out how to meet the activity test. If they have the guaranteed two days, she knows she is available to put her name on the list to pick up casual work for two days a week. I recognise that some significant stakeholders have put forward that compromise position, but United Voice's position is still that it needs to be maintained where it currently is.²⁷

1.27 This position was mirrored in the Committee hearing by Anglicare Australia, who stated that at an absolute minimum, children should have access to at least 24 hours of ECEC.²⁸ Anglicare Australia also highlighted that childcare should be viewed as early childhood education, and that child's ability to access education should not be dependent upon their parents' ability to satisfy an activity test.²⁹ A compromise of 15 hours a week for parents who don't satisfy the activity test has been put forward by Goodstart Early Learning and the Australian Childcare Alliance. The NXT is concerned that 15 hours a week does not amount to two full days of care, and is ill-fitting with the business practices of many providers.

1.28 NXT are concerned about the workability of a change to 12 hours of care, for service providers. When questioned about the suitability of 12 hours of care, Goodstart, as the country's largest childcare provider, stated that they could ensure that they would be able to offer services over two days to meet the 12 hour entitlement. However, NXT note that United Voice held concerns about the impact of this change to either 12 or 15 hours will have on smaller providers:

Senator KAKOSCHKE-MOORE: If the changes were to go ahead and the 15 hours of subsidised care is rolled out, what impact do you think that will have on your members? Will it change their working patterns or hours of work?

Ms Gibbons: We do have a real concern about what that looks like. There has been no modelling about this that has been released by the department. The concern is that most care is paid for by the day. What that means is that

27 Ms Helen Mary Gibbons, Assistant National Secretary, United Voice, *Committee Hansard*, 3 October 2016, p. 35.

28 Mr Roland Manderson, Deputy Director, Anglicare Australia, *Committee Hansard*, 4 October 2016, p. 8.

29 Mr Roland Manderson, Deputy Director, Anglicare Australia, *Committee Hansard*, 4 October 2016, p. 8.

when people are planning their rosters for people who work in the sector, they can structure those rosters so that they have as many people as possible during the peak times, they have enough people in the quieter times, they can stay open for as long as possible and they can provide as many full-time or full-day jobs as possible. As soon as you change the structure to 15 hours a week, what they think is proposed is two days, but that would actually change the way that the parents are currently charged. They are currently charged for a full day, which is around 10 to 11 hours. If they are only charged for 7½ hours, what does that mean for the people who work in the sector? Does that mean they have much shorter days? I think there is a real question mark. It is really hard to know what the impact will be because there has been no modelling in relation to this. There has been no unpacking of how the workforce is going to respond to what is in the package. My real concern is that you will see hours shrinking. You will see increasing casualisation. You will see less people working full eight-hour days and a lot more people working six-hour days. This is an industry that is already incredibly low paid and already has retention issues and turnover issues. The more you make the work precarious, the more you are exaggerating that problem and making that problem much worse.³⁰

1.29 The current business structure of most childcare providers revolves around a 12 hour day model. NXT are concerned about the impact on small business if a change to the minimum subsidised hours is introduced. As highlighted by Goodstart, if a 12 hour subsidy is introduced, changes may have to be made to billing types and centre practices.

Mr Cherry: 'If we move to shorter sessions, families might love to pay for eight hours rather than 12, but they all want the same eight hours, which are between 8 am and 4 pm. Our current cost structure reflects our children and when they are actually in our services. The NQF allows you to staff your centre dependent on your children. The cost savings of shifting from billing for a day to billing by the hour would be very minimal, which means the hourly rate will go up quite significantly because you would be billing your costs over eight hours rather than 12 or 11. Families might love to be billed for only eight hours a day, but they may not be saving any money.'³¹

1.30 The NXT is concerned about the implication of hourly billing on providers, and the lack of consultation that was involved in this recommendation.

Recommendation 4

The Department further consults with stakeholders regarding the suitability of the 15 hours proposal and the impact on business models of ECEC providers.

30 Ms Helen Mary Gibbons, Assistant National Secretary, United Voice, *Committee Hansard*, 3 October 2016, p. 36.

31 Mr John Cherry, Advocacy Manager, Goodstart Early Learning, *Committee Hansard*, 3 October 2016, p. 14.

Recommendation 5

The Department conduct modelling on the impact 15 hours of subsidised ECEC would have on childcare workers' workforce participation.

Senator Skye Kakoschke-Moore

Nick Xenophon Team