

CHAPTER 2

Key issues

Introduction

2.1 The committee's inquiry into the Family Assistance Legislation Amendment (Job for Families) Bill 2015 (the Bill) attracted considerable interest from submitters across a range of categories including families, child care providers, advocacy and interest groups, academics and government departments.

2.2 Certain aspects of the Bill's provisions, most notably the simplified system of the Child Care Subsidy (CCS) and Additional Child Care Subsidy (ACCS) replacing the existing system of Child Care Benefit (CCB) and Child Care Rebate (CCR), attracted praise from most submitters.

2.3 However, other elements of the Bill drew criticism and concerns from many submitters. Chief amongst these was the Activity Test provision.

2.4 This chapter will explore several of the key issues raised during the course of this inquiry, focusing on elements highlighted in submissions and public hearings.

Additional funding and access to early learning and child care

2.5 The Bill is part of the government's Child Care Package, which will see Commonwealth expenditure of around \$40 billion over the forward estimates, including more than \$3 billion of new funding.¹

2.6 This introduction of further spending was broadly welcomed by submitters and witnesses to this inquiry:

[Early Childhood Australia] welcomes the package overall and has been broadly supportive of it. We particularly welcome the additional \$3.2 billion in the childcare package, bringing the total investment to \$40 billion over the four years. This brings us closer to international benchmarks for investment in early learning.²

The additional \$3.2 billion that the government is intending to invest to make child care more affordable for families brings an incredible sigh of relief for many families and many of our Parenthood members.³

[Early Childhood Management Services] warmly welcomes the additional investment in the early learning and care sector through the *Jobs for*

1 Department of Education and Training, *Submission 30*, p. 6.

2 Ms Sam Page, Chief Executive Officer, Early Childhood Australia, *Committee Hansard*, 4 March 2016, p. 1.

3 Ms Jo Briskey, Chief Executive Officer, The Parenthood, *Committee Hansard*, 4 March 2016, p. 12.

*Families and child care package and the Family Assistance Legislation Amendment Bill 2015.*⁴

Anglicare Australia welcomes the significant investment into child care that the Jobs for Families package represents. The subsidisation of child care has two clear objectives: addressing barriers to workforce participation experienced by parents; and ensuring adequate access to early childhood education. The package will continue to provide access to child care for many working families.⁵

2.7 Similarly, Early Childhood Australia (ECA) noted that:

The changes contained in the Child Care Assistance Package hold significant gravity for children's access and participation in early learning. It is pleasing to see that the changes are likely to see the total number of children and families using early childhood education and care grow following the introduction of the package.⁶

2.8 The Australian Childcare Alliance (ACA), the peak body representing the early childhood education and care sector, also commented that:

ACA recognises the many positive aspects of this package. We welcome the relief for families from 1 July 2017 and the increased threshold from \$7500 to \$10 000 for middle income families. ACA welcomes the \$3 billion additional investment and remain committed to working with Government to ensure that the best possible outcomes for all children are achieved.

The significant additional investment in the Jobs For Families package is positive recognition by Government of the value of the ECEC sector and the part it plays in assisting parents and other primary carers to maintain workforce participation.⁷

2.9 Minister for Education and Training Senator the Hon. Simon Birmingham estimated that around one million Australian families would be better off as a result of the government's Jobs for Families package, in the following income brackets.

2.10 For lower income families:

From July 2017, about 250,000 families earning \$65,710 or less per year will have access to a subsidy rate of 85 per cent of their fee, which is up from their current subsidy rate of around 72 per cent. The majority of these

4 Early Childhood Management Services, *Submission 34*, p. 1.

5 Anglicare Australia, *Submission 49*, p. 3.

6 Early Childhood Australia, *Submission 10*, p. 3.

7 Australian Childcare Alliance, *Submission 73*, p. 3.

families will be better off (about 104 100) or will experience no change (about 81 000).⁸

2.11 Low to middle income families:

The subsidy rate tapers from 85 per cent for families earning more than \$65 710 to 50 per cent for those earning \$170 710. In this income bracket, families will, on average, be about \$1500 a year better off. Around 565 400 families will be better off and a further 32 800 will experience no change in support. These families will particularly benefit from the removal of the annual \$7500 cap, which applies universally today, but will only apply for families with incomes of more than \$185 710 under the new Package and is being increased to \$10 000. Together with the more generous Child Care Subsidy, this is another win for low to middle income families.

It is anticipated that many of the around 55 700 families in this income bracket who may receive a reduced amount of support will either increase their activity or move to lower cost child care services.⁹

2.12 Upper income families:

The Child Care Subsidy tapers to 50 per cent for family incomes of \$170 710. It then remains at 50 per cent until family income reaches \$250 000. Around 142 400 families earning between these amounts will be better off under the new Package, while a further 19 500 will experience no change. About 16 600 will receive a reduced level of child care support, mainly because they are paying child care fees in excess of average costs.¹⁰

2.13 High income families:

For high income families earning \$250 000 or more, the subsidy reduces from 50 per cent to 20 per cent at \$340 000 and above. As a result, around 59 500 families earning more than \$250 000 a year will receive less Child Care Subsidy under the proposed arrangements. In this income bracket, around 7 200 families will experience no change while about 3 800 families will be better off.¹¹

8 Senator Simon Birmingham, 'One million families to benefit from child care reforms', Media release, 30 January 2016, <http://www.senatorbirmingham.com.au/Media-Centre/Media-Releases/ID/2935/One-million-families-to-benefit-from-child-care-reforms> (accessed 9 March 2016).

9 Senator Simon Birmingham, 'One million families to benefit from child care reforms', Media release, 30 January 2016, <http://www.senatorbirmingham.com.au/Media-Centre/Media-Releases/ID/2935/One-million-families-to-benefit-from-child-care-reforms> (accessed 9 March 2016).

10 Senator Simon Birmingham, 'One million families to benefit from child care reforms', Media release, 30 January 2016, <http://www.senatorbirmingham.com.au/Media-Centre/Media-Releases/ID/2935/One-million-families-to-benefit-from-child-care-reforms> (accessed 9 March 2016).

11 Senator Simon Birmingham, 'One million families to benefit from child care reforms', Media release, 30 January 2016, <http://www.senatorbirmingham.com.au/Media-Centre/Media-Releases/ID/2935/One-million-families-to-benefit-from-child-care-reforms> (accessed 9 March 2016).

2.14 As the government's figures show, most Australian families will be better off – or at a minimum face no change – as a result of this package's introduction, and the Bill's focus on increasing workforce participation and engagement should further see families better off if they are able to increase their workforce participation accordingly.

2.15 Additional studies have since been released by interest groups. An ANU study commissioned by ECA conceded that:

There are major differences in the data between that used here and that we understand was used by the Commonwealth. The Commonwealth will have a superior data base with the full population of formal childcare families and exact price and hours information for child care use.¹²

2.16 Whilst the findings of this report differed to the department's own modelling, it still found that the package will benefit most families who use formal child care.

2.17 As part of its submission to the inquiry, SNAICC attached Deloitte Access Economics research that looked at the transition of indigenous BBFs to the child care subsidy, without recognising the benefits of the Additional Child Care Subsidy and the Community Child Care Fund. Both of these programmes are designed to address the very needs highlighted by the Deloitte Report:

CHAIR: It did not go to analysing the additional child care subsidy—is that correct?

Ms Sydenham: No it did not.

CHAIR: Or the community child care fund?

Ms Sydenham: That is right and that is because there was not seen to be sufficient information that is publicly available at the moment to be able to do that modelling.¹³

2.18 Numerous submitters pointed out that early childhood education is a vital component of children's development and that, in particular, children from disadvantaged families benefit the most from attendance at high-quality early childhood education and care facilities.¹⁴

2.19 The Australian Children's Education and Care Quality Authority (ACECQA), the independent national authority established to lead the implementation of the National Quality Framework (NQF), referred to:

... established research that shows quality early childhood education and care leads to better health, education and employment outcomes later in life, as well as broader social and emotional development. Quality children's

12 Ben Phillips, 'Distributional Modelling of Proposed Childcare Reforms in Australia', March 2016, commissioned and tabled by Early Childhood Australia.

13 Ms Emma Sydenham, Deputy Chief Executive Officer, Secretariat of National Aboriginal and Islander Child Care, *Committee Hansard*, 4 March 2016, p. 26.

14 See, for examples, Social Policy Research Centre, University of New South Wales, *Submission 8*, p. 3;

education and care is also integral to realising long term economic gains through building human capital, improving workforce productivity and reducing public spending on health, welfare and justice.¹⁵

2.20 As the department noted in its submission:

The overarching goal is to create a more sustainable system that:

- encourages greater workforce participation and productivity, and better meets families' needs;
- addresses children's learning and development needs, particularly those who are vulnerable or at risk of poor long-term development outcomes; and
- improves budget sustainability in the longer term.¹⁶

The Child Care Subsidy

Provisions

2.21 The Bill introduces the new Child Care Subsidy (CCS), which replaces the existing Child Care Benefit (CCB) and Child Care Rebate (CCR). The Department of Education and Training (the department), in its submission, described the CCS as the 'centrepiece' of the Jobs for Families Package.¹⁷

2.22 The department outlined the main functions of the CCS:

The Child Care Subsidy will replace the current Child Care Benefit and Child Care Rebate with a single payment based on family income. The Child Care Subsidy will:

- be paid directly to service providers, based on a family's fortnightly entitlement; and
- be better targeted and provide more assistance to low and middle income families.

[...]

The Child Care Subsidy will provide the greatest rate of subsidy to families earning the least and provide more hours of subsidy to families who work the most.

The Child Care Subsidy paid will be a percentage of the actual fee charged by the child care service (up to the relevant percentage of the hourly fee cap).¹⁸

2.23 Eligibility for the CCS paid to families is established according to the following principles:

15 Australian Children's Education and Care Quality Authority, *Submission 44*, p. 2.

16 Department of Education and Training, *Submission 30*, p. 7.

17 Department of Education and Training, *Submission 30*, p. 8.

18 Department of Education and Training, *Submission 30*, p. 8.

An individual's eligibility for the Child Care Subsidy is outlined in Clause 85BA of the Bill, in summary an individual is eligible for the subsidy if at the time the care was provided:

- the child is a FTB child, or regular care child of the individual or their partner; and
- the child is 13 years old or under and does not attend secondary school; and
- the child meets immunisation requirements; and
- the individual or their partner meets residence requirements (outlined in Clause 85BB); and
- the individual or their partner has incurred a liability to pay for the child care; and
- the care is provided in Australia and is not part of a compulsory education programme.¹⁹

2.24 The level of payment made to families is then calculated on the basis of three factors:

- the family income, which determines the subsidy percentage;
- the hours of recognised activity (including work, training, study or other recognised activity) undertaken by the parent(s), which determines the fortnightly hours attracting the subsidy; and
- the actual hourly fee charged by the service and the hourly fee cap for the service type being utilised, which determines the subsidy amount.²⁰

2.25 The family income, as noted, determines the percentage of the CCS to which the family is entitled. The following table outlines the percentage of the CCS to which families in each income bracket is entitled:

| Combined Family Income | Subsidy per cent of the actual fee charged (up to relevant percentage of the hourly fee cap) |
|---------------------------------------|---|
| Up to \$65,710 | 85% |
| More than \$65,710 to below \$170,710 | Tapering to 50%* |
| \$170,710 to below \$250,000 | 50% |
| \$250,000 to below \$340,000 | Tapering to 20%* |
| \$340,000 or more | 20% |

*Subsidy tapers down by 1 per cent for each \$3000 of income.

19 Department of Education and Training, *Submission 30*, p. 8.

20 Department of Education and Training, *Submission 30*, p. 9.

Source: Department of Education and Training, *Submission 30*, p. 9.

2.26 Furthermore, the Bill amends the annual subsidy cap for families: currently Child Care Rebate is capped at \$7500 per child in all families annually, regardless of income. Under the Bill, those families on an annual income of \$185 710 or less will not have their level of subsidy capped at all; families whose income is above that level will have a subsidy cap of \$10 000 per child.²¹

2.27 Family eligibility for the CCS is further determined by an activity test which, the department argued, 'more closely align[s] the hours of subsidised care with the combined hours of work, training, study or other recognised activity undertaken'.²²

2.28 In two-parent families, the child's subsidy will be based on the activity level of the parent with the fewest hours of activity each fortnight. Families (whether single or two parent) where one parent does not reach the eight hour minimum threshold of recognised activity per fortnight will attract zero hours of subsidised early learning and care. However, families who do not meet the activity test will be eligible for 24 hours of subsidised care per fortnight if the family's total annual income is \$65 710 or less.²³

2.29 The table below explains the number of hours of subsidised care to which each child is entitled depending on their family's level of activity:

| Step | Hours of activity (per fortnight) | Maximum number of hours of subsidy (per fortnight) |
|------|-----------------------------------|--|
| 1 | 8 hours to 16 hours | 36 hours |
| 2 | More than 16 hours to 48 hours | 72 hours |
| 3 | More than 48 hours | 100 hours |

Source: Department of Education and Training, *Submission 30*, p. 10.

2.30 The department notes that a 'broad range' of activities will meet the activity test requirements. The Bill defines a 'recognised activity' as:

An individual engages in recognised activity if the individual engages in any one or more of the following:

- a) paid work (whether or not as an employee);
- b) a training course for the purpose of improving the individual's work skills or employment prospects or both;
- c) an approved course of education or study; or
- d) an activity prescribed by the Minister's rules.²⁴

21 Department of Education and Training, *Submission 30*, p. 9.

22 Department of Education and Training, *Submission 30*, p. 10.

23 Department of Education and Training, *Submission 30*, pp 10-11.

24 Department of Education and Training, *Submission 30*, p. 11.

2.31 A list of recognised activities will be provided under the Minister's rules. The department notes that the list will be a 'modified version' of Option 1.2 of Chapter 7 in the Regulation Impact Statement.²⁵

2.32 The department emphasised that recognised activities will have:

... a clear focus on workforce participation and be expanded to include unpaid work experience and a broad definition for voluntary work, making it easier for individuals and families to meet the activity test.²⁶

2.33 As explained by Minister Hartsuyker during his second reading speech:

The child care safety net aims to give our most vulnerable children a strong start. Amongst other measures, it will provide families on incomes of less than \$65 710 who do not meet the activity test of up to 24 hours per fortnight of subsidised childcare. This is equivalent to two weekly six-hour sessions. These 24 hours will be provided at the highest rate of subsidy, 85 per cent, which is an increase on the current rate of about 72 per cent.²⁷

2.34 As the Minister noted during his press conference on 23 November 2015:

We're not forcing child care providers to change their models. We are encouraging them by removing some of the current requirements they have in terms of the hours per day and days per week that they must operate and by providing very generous government subsidies in future. What I hope is that child care providers will recognise that if they are serious about providing early learning opportunities to children, then 12 hours of entitlement which we're giving to low income families regardless of their workforce activity should provide for at least two days of learning potential and opportunity for those children. Nobody seriously thinks that a three year old is sent along for 12 hours of education in one day. Of course it's more analogous to look at school days which would mean that should last for at least a couple of days.

2.35 The department explained the rationale of this amendment is to encourage workforce participation amongst parents:

Closer alignment between the hours of subsidised care and the hours of recognised activity will create a stronger incentive for parents to increase their workforce participation if they want to access more subsidised child care.²⁸

2.36 Families will be able to estimate their activity hours over a three-month period, in order to more accurately reflect the activity level for those with casual or irregular working hours.²⁹

25 Department of Education and Training, *Submission 30*, p. 11.

26 Department of Education and Training, *Submission 30*, p. 11.

27 Mr Hartsuyker, *House of Representatives Hansard*, 2 December 2015, p. 14 435.

28 Department of Education and Training, *Submission 30*, p. 10.

29 Department of Education and Training, *Submission 30*, p. 10.

2.37 In response to the Government's expectation that the hours child care centres bill families be more closely aligned to the hours of care needed and used by a family, ECA said:

Most services are opening before 7 am or at 7 am and closing between 6 pm and 7 pm. The idea of that is that it gives parents the flexibility to drop off early and to still get to work or to pick children up. Most children are not at the centre for the entire operating period.³⁰

Reactions

2.38 Most submitters to this inquiry welcomed the simplification of this element of the child care system, noting that the current system is confusing.

2.39 ECA noted that, for those who qualify for the CCS, the rate of payment is an increase over the existing CCB:

ECA recognises that the current Child Care Benefit is usually paid at a much lower rate than is proposed under Child Care Subsidy, for those eligible to receive the payment. The new Subsidy may therefore provide a greater level of assistance to families on very low incomes. This is welcome and supports the principles of supporting children's learning and development needs and targeting childcare fee assistance to those who need it the most including disadvantaged and vulnerable families and children.³¹

2.40 ECA noted, however, that this increase in payment rate is countered by stricter eligibility rules:

... there is a group of children who were previously eligible for Child Care Benefit who will no longer be able to access the Child Care Subsidy at all. Many of these children are in families which do not have high incomes (though are above the \$65 710 limit) and are still considered to be vulnerable against independent indicators like the Australian Early Development Census (AEDC). Evidence shows that these are the children that would significantly benefit from access to quality early learning.³²

2.41 Similarly, the Social Research Centre at the University of New South Wales noted that the simplification, and means-testing basis, of the CCS are improvements to the existing system:

The move to a single means-tested subsidy is welcome, and the introduction of a benchmark fee addresses concerns about the inflationary effects of the Child Care Rebate. The new income threshold and lower CCS rate (from 50% to 20%) for higher income families is also welcomed as a recognition that families earning above \$250 000 can afford to pay a greater proportion of the cost of child care.

30 Early Childhood Australia, *Committee Hansard*, 4 March 2016, p. 5.

31 Early Childhood Australia, *Submission 10*, p. 5.

32 Early Childhood Australia, *Submission 10*, p. 5.

The proposed Child Care Subsidy, and its benchmark fee and activity test, will make child care more affordable for most low- to middle-income families with *predictable, secure and standards hours employment*.³³

2.42 Not-for-profit early learning and care provider Early Childhood Management Services (ECMS) also supported the new subsidy's design, noting its relative simplicity:

We fully support the streamlined means-tested subsidy providing increased assistance to lower income working families. Paying the subsidy directly to service providers not only strong supports access and participation, it also cuts red tape, making the subsidy system more efficient and simple for families and service providers.³⁴

2.43 Submitter responses to the Bill's activity test provisions tended to be quite divisive. While some submissions recognised the Bill's primary focus of encouraging workforce participation, others held concerns about the impact of the reduced level of subsidised care for children whose families do not meet the activity test.

2.44 The increased annual cap on subsidies for families earning above \$185 710 annually – and removal of the cap for families earning less than that – was also broadly supported by submitters. Asked about the opinion of the membership of parent advocacy group The Parenthood regarding this amendment, executive director Ms Jo Briskey said:

We are very supportive of that. The \$7500—especially in relation to mums' and women's participation in the workforce—has kept women working only three days a week, because when you exceed three days a week you hit your cap and you are paying full fee. Having that scrapped altogether for those families under \$185 000 and increased to \$10 000 for those other families is very welcome.³⁵

2.45 The Australian Childcare Alliance was also supportive:

We welcome the relief for families from 1 July 2017 and the increased threshold from \$7500 to \$10 000 for middle income families.³⁶

2.46 Further, the department noted that:

Add quote from DoE, page 9, par 40:

This change will better target assistance to low and middle income families, particularly those who need to use more child care to work more.³⁷

33 Social Research Centre, University of New South Wales, *Submission 8*, pp 3-4.

34 Early Childhood Management Services, *Submission 34*, p. 1.

35 Ms Jo Briskey, Executive Director, The Parenthood, *Committee Hansard*, 4 March 2016, p. 19.

36 Australian Childcare Alliance, *Submission 64*, p. 3.

37 Department of Education and Training, *Submission 30*, p. 9.

Committee view

2.47 Whilst recognising the challenge that tightened eligibility and sessions of care present to the child care sector, the committee cannot dismiss the evidence - the Jobs for Families child care assistance package will target support to those who depend upon it in order to work or work more through the activity test; eliminate the \$7500 cap for most families and lift it to \$10 000 for families on higher incomes; increase the rate of subsidy from 72% to 85% for those on the lowest income; and provide an exemption from the activity test for those on the lowest incomes. Even stakeholders who seek changes to the package concede that, as ECA did, 'most working families will be better off as a result of the package'.³⁸

2.48 Research highlights the importance of targeted early childhood education for vulnerable families and how it can set a child on a positive learning trajectory for life. Such families in conjunction with families who require childcare due to work schedules are the prime intended beneficiaries of subsidies, as opposed to those seeking childcare for lifestyle reasons. The Committee was concerned that rather than support poorer families, The Parenthood was supportive of 50 per cent subsidies being given to families on over half a million dollars income.

2.49 By focussing subsidies where they are most needed and reducing them for families on higher incomes, the Jobs for Families package targets taxpayer support to encourage workforce participation, while providing a safety net for those families on lower income, and exemptions to ensure ongoing access to 15 hours of preschool a week under the Universal Access agreement.

2.50 Encouraging greater workforce participation is a primary aim of the Jobs for Families package, and the committee is of the view that the activity test provisions of the Bill are a fair and equitable way to ensure that the Child Care Subsidy is targeted best at the families who will need and use it the most.

The Additional Child Care Subsidy

Provisions

2.51 The CCS is supplemented by the Additional Child Care Subsidy (ACCS), which is particularly targeted at children and families deemed to be genuinely disadvantaged, with the aim of minimising barriers for these children to accessing early childhood education.³⁹

2.52 As the Department of Education outlined in its submission (page 23), the ISP:

...will provide increased programme funding support by 25 per cent including an increased payment for services to engage an additional educator from about \$17 to \$23 per hour. The programme will also provide greater flexibility for families by allowing services to access up to 25 hours of assistance per week with daily limits being removed and significant streamlining of processes for services.

38 Ms Samantha Page, CEO, Early Childhood Australia, *Committee Hansard*, 4 March 2016, p. 1.

39 Department of Education and Training, *Submission 30*, p. 15.

2.53 The following table explains how the ACCS will be applied:

| Target Group | Additional Subsidy |
|---|---|
| Children at risk of serious abuse or neglect | A subsidy equal to 100 per cent of the actual fee charged (up to 120 per cent of the hourly fee cap) for a maximum of 100 hours per fortnight. |
| Families experiencing temporary financial hardship | A subsidy equal to 100 per cent of the actual fee charged (up to 120 per cent of the hourly fee cap) for a maximum of 100 hours per fortnight, for up to 13 weeks per event. |
| Grandparent primary carers on income support | A subsidy equal to 100 per cent of the actual fee charged (up to 120 per cent of the hourly fee cap) for a maximum of 100 hours per fortnight. |
| Parents transitioning to work from income support | A subsidy equal to 95 per cent of the actual fee charged (up to 95 per cent of the hourly fee cap) with the number of hours of assistance determined by the Child Care Subsidy activity test. |
| Low income families who do not meet the activity test | A subsidy equal to 85 per cent of the actual fee charged (up to 85 per cent of the hourly fee cap) for a maximum of 24 hours per fortnight. |

Source: Department of Education and Training, *Submission 30*, p. 15.

2.54 The department's submission outlines the ways in which the ACCS differs from the existing Special Child Care Benefit:

- services will be required to refer a child who is 'at risk' to an appropriate state/territory body to help ensure the child's welfare and wellbeing;
- services can certify a child to be 'at risk' for up to six weeks in any 12 month period, with this certification being reviewable (whereas, currently child care service providers can certify a child to be 'at risk' for up to 13 weeks in a financial year, with this certification being non-reviewable);
- further periods of 'at risk' assistance will be assessed and approved by DHS (for maximum of 13 week blocks). If it is evident in consultation with the relevant state/territory body that the child's situation will not change for a period of time longer than 13 weeks, the Secretary may certify additional periods of 'at risk' without the need for child care service providers to make additional applications to DHS (hence removing the administrative burden of the current process in these cases);
- families who have had a child assessed as 'at risk' for a period of six months or more will be exempt from the activity test for a further period of 18 months, after the 'at risk' entitlement ceases. This exemption recognises the need to provide ongoing support in instances where the underlying reasons that led to an 'at risk' event are medium to long-term in nature;
- simpler Priority of Access requirements will be introduced to ensure the highest priority children can access child care. There will be two priority

categories with 'a child at risk of serious abuse or neglect' receiving the Additional Child Care Subsidy to be Priority 1 (and children of families who meet the activity test through paid employment to be Priority 2); and

- services will be limited to certifying 'at risk' to 50 per cent of children in care at the child care service on any one day. Any additional children that child care service providers identify as 'at risk' can be approved by DHS. This is an increase to the current rule under the Special Child Care Benefit (where services are limited to 18 per cent of the total Child Care Benefit, Special Child Care Benefit and Grandparent Child Care Benefit paid to the service in the quarter before last).⁴⁰

2.55 The department's submission further notes that the department is 'currently developing the list of circumstances in which a child may be considered at risk of serious abuse or neglect'. The completed list will be incorporated into the Minister's rules. The Minister's rules will also provide a legal basis to grant or reject an ACCS 'at risk' claim.⁴¹

2.56 The department further explained this at the public hearing:

People in child protection will automatically get access to the 120 per cent. I think it is the next group down that I talked about where it might not be on the radar for the relevant state and territory bodies. This was a recommendation out of the Productivity Commission. They said that if children are at risk, there needs to be some process of telling the state body that this child is in a difficult circumstance. It is not at a child protection stage, but by notifying the state or territory they might know other pieces of that child's life that they can put together to have a more holistic picture around that child and that family.⁴²

2.57 The department is also currently developing the list of circumstances in which a family may be eligible for the Temporary Financial Hardship subsidy. This list may include the 'sudden and unexpected death of a spouse/partner or child', 'unexpected loss of employment and residing in 'an officially declared disaster area'.⁴³

Reactions

2.58 Many submitters applauded the policy intentions and outlines of the ACCS, although several expressed concern that the definitions and inclusions were not drawn broadly enough.

2.59 While expressing some concern at the detail of the definitions – still being developed at the time of their submission – community service organisation and child care centre operator Mission Australia supported the Bill's provisions as part of the broader Child Care Safety Net, noting that 'A subsidy equal to the actual fee (up to

40 Department of Education and Training, *Submission 30*, p. 16.

41 Department of Education and Training, *Submission 30*, p. 16.

42 Ms Wilson, Department of Education and Training, *Committee Hansard*, 4 March 2016, p. 41.

43 Department of Education and Training, *Submission 30*, p. 17.

120% of the hourly fee cap) for children at risk of abuse or neglect is a valuable protection'.⁴⁴

2.60 Early learning and care provider Goodstart Early Learning (Goodstart) also noted their broad support for the provisions, noting that:

Goodstart welcomes the Government's recognition that extra support is needed to help address cost barriers for the following groups:

- children at risk of serious abuse or neglect (ACCS – at risk);
- families experiencing temporary financial hardship (ACCS – TFH);
- grandparents on income support who are the primary carer of their grandchildren (ACCS – Grandparent); and
- parents transitioning to work from income support (ACCS – TTW).⁴⁵

2.61 Goodstart further noted that:

The Safety Net Programs within the Bill provide a suite of measures to assist children with identified additional needs. Goodstart welcomes the additional funding for these programs and looks forward to working with the Government to develop detailed guidelines to ensure maximum access for children and flexibility for families.⁴⁶

2.62 ECA were also supportive of the measure, arguing that:

For children with additional needs that have access to early learning under the new package, there is an extra inclusion support subsidy, which is a fantastic initiative. We congratulate the government on that.⁴⁷

2.63 However, Goodstart also argued that 'the legislation needs clarification and amendments to ensure that the way these subsidies are implemented meet the needs of some of the most vulnerable children in our society'.⁴⁸

2.64 Similarly, ACA were in favour of the ACCS but maintained that the working definitions used to determine when a child could be considered to be 'at risk' need to be established through consultation with stakeholders, including state and territory authorities, to ensure that they are broad enough to accomplish their objectives:

ACA strongly supports the introduction of an Additional Child Care Subsidy (ACCS), which incorporates some aspects of the existing Inclusion Support Program, to provide targeted additional support to families by providing access to early childhood education and care for children who need it most. However, it is important that the definition of 'at risk' children is broad enough to ensure that no child 'slips through the cracks', and the

44 Mission Australia, *Submission 13*, p. 4.

45 Goodstart Early Learning, *Submission 47*, p. 31.

46 Goodstart Early Learning, *Submission 47*, p. 18.

47 Ms Samantha Page, CEO, Early Childhood Australia, *Committee Hansard*, 4 March 2016, p. 1.

48 Goodstart Early Learning, *Submission 47*, p. 31.

circumstances and timeframes will vary markedly for each and every family.⁴⁹

2.65 Recognising stakeholder questions about the Minister's rules and development of those rules, it is important to highlight the following explanation in the department's submission:

Many of these rules are currently being developed by the Department, and will be finalised with input from, and in consultation with, relevant stakeholders. It is also important to note that all Minister's rules and Secretary's rules identified in Appendix 1 will be legislative instruments Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015 subject to disallowance by either house of the Parliament under the *Legislative Instruments Act 2003 (Cth)*.⁵⁰

Committee view

2.66 The committee recognises that additional assistance will always be required for children from disadvantaged families or at risk of serious abuse or neglect, and believes that the proposed Additional Child Care Subsidy – which forms part of the broader Child Care Safety Net – will provide much-needed support for children and their families in such situations.

Conclusion

2.67 The Jobs for Families package as a whole aims to encourage and enable families seeking to increase their workforce participation, whether by working more or undertaking activities (including studying and training) that will improve their options for participating in paid work.

2.68 One component of the package is to improve access to and affordability of early childhood education and care. The committee recognises that access to high-quality early childhood education and care is of substantial developmental benefit to children in addition to its role in helping to facilitate parents' workforce engagement.

2.69 As the department's submission notes, the emphasis of the Bill is on providing '... the greatest rate of subsidy to families earning the least and provide more hours of subsidy to families who work the most'.⁵¹ This approach, the committee believes, is in line with community expectations, whereby subsidies and assistance are targeted at those whom they will most benefit and reducing the subsidisation of those with the means to pay a greater proportion of the costs themselves.

49 Australian Childcare Alliance, *Submission 73*, p. 20.

50 Department of Education and Training, *Submission 30*, pp 5-6.

51 Department of Education and Training, *Submission 30*, p. 8.

Recommendation 1

2.70 The committee recommends that the Senate pass the Bill.

**Senator Bridget McKenzie
Chair**