

Submission to the Senate Education and Employment Committee on Family Assistance Legislation Amendment (Jobs and Families Child Care Package).

The NFAW is a non- politically aligned feminist organisation committed to examining the potentially differential impact of policies and their outcomes for men and women and whether the consequences of policies, intended or unintended adversely affect women.

The Bill aims to introduce major reforms to the child care system by simplifying it and by addressing key elements of the child care system - its affordability, flexibility and accessibility. It represents the latest response to the Productivity Commission's Inquiry into Child Care and Early Childhood Learning.

NFAW has a strong policy of support for women to make their own life choices – to choose to be a home maker, to choose to do paid work, to choose part time work if that is a real choice. Responsibility for bearing and rearing children, rightly or wrongly falls mostly on women.

NFAW supports key elements of the Bill

- The \$3.3b for child care and families
- An extra \$30 per week on average for families with parents working more than two days per week
- The increase in the annual cap
- The Child Care Safety Net (CCSN) funding for children with special needs and in rural and remote areas with high demand
- Subsidised access to child care for grandparents on income support

However, NFAW believes there are a number of issues/concerns to be considered and/or addressed. These are

- The proposed hypothecated savings from Family Tax Benefit B (FTB B) and from the proposed Paid Parental Leave (PPL) scheme to be used for funding
- The narrow goal of increasing women's work force participation as the sole objective of child care
- The restrictive access to child care for non work related purposes
- The need for better service design and delivery guidelines
- Lack of clear integration with related national policies and strategies that affect families and children

Proposed Savings

NFAW is concerned about the effect of proposed savings measures to FTB B and PPL to be used to partly fund child care. Our November 2015 submission to the Community Affairs Committee pointed out the detrimental effect on low income families these changes would make.

FTB B is designed to assist families on low incomes with children whether in paid work or not. The 1996 Family Tax Initiative (precursor to FTB) introduced to help low and middle income earners with the additional costs of children was “to give more choice in ordering their lives”.

NFAW is strongly opposed to this savings measure as it would impact harshly on low income, especially sole parent families. The ACOSS report “Poverty In Australia 2014” found that over 600 000 children (17% of all children) were living below the poverty line (50% of median income). 40% of people on social security payments, including 55% of Newstart and 47% of Parenting Payment recipients were below the poverty line.

Under the revised PPL proposal, weeks of paid leave from employers are deducted from the governments 18 week scheme, capping payments at the equivalent of 18 weeks at the national minimum wage level.

Recent research commissioned by Fair Agenda and conducted by the University of Sydney’s Women and Work Research Group shows mothers in low paid jobs, including healthcare, teaching and retail, could lose between \$3942 and \$10 512 per annum under the compromise proposal.

NFAW rejects the proposed changes to PPL. It limits the time away from work and is contrary to international and national research highlighting the importance of longer periods of leave for mothers and children’s outcomes. The PC report into PPL highlighted the greater impact on time away from work for women on low incomes. Research indicates that women on low incomes, particularly sole parents’ labour supply decisions are sensitive to price changes.

The savings proposed for FTB B and PPL are simply that, savings. NFAW supports a well paid PPL of at least 26 weeks, together with quality child care and an adequate FTB, whether mothers are sole parents, low/middle income earners, working or at home, whether in part or whole daycare. These policies should form the basis for a national family strategy that has more coherence than the current proposals.

Objectives

The child care package as a whole lacks internal consistency. Even the narrow goal of increased women's labour force participation could be jeopardised, for example, the Fair Agenda research suggests some women may leave the work force as a result of the PPL proposal.

NFAW believes a national child care system should have a clear set of objectives but that increased labour force participation is not the only goal. The provision of quality child care should also aim to improve individual child development and be part of strategies used to reduce child poverty.

NFAW supports a national child care policy that has clear goals, objectives, targets and timetables with ongoing independent evaluation i.e. a well-planned approach with adequate spending.

Access

The current debate concentrates on the price of child care, flexible program options (eg au pair subsidies or hourly billing for services) with the goal of increasing the number of women working.

“Some families who don’t meet the activity test will be assisted through the new Child Care Safety-Net (CCSN) , including families on less than \$67 710 per annum, who will be able to access 24 hours of subsidised child care per *fortnight* without having to meet the activity test.”(Department of Education and Training). Currently it is 24 hours per week. NFAW opposes this reduction.

We believe this actually weakens the safety net because vulnerable children need more than just over one day of care per week for maximum early childhood development outcomes. This is particularly important for children with disabilities who need more intensive and more hours of quality child care in order to minimise disadvantage when they enter school. However, it is not clear what relationship there is between the Inclusion Support Program (which will assist child care services to improve their capacity to include children with disabilities) and the eligibility for the CCSN. Many will miss out on critical early learning services that will diminish their potential to make a smooth transition to school. For example, child care might be needed because a parent is entering a rehabilitation program. It is also possible that the new activity test will disproportionately affect CALD workers, particularly women, in insecure and variable employment.

Service design

CCSN also introduces the Child Care Community Fund (CCCF) which will provide grants through a competitive tendering process. There are few details about how this will work. NFAW is concerned that this program will mainstream a number of previous programs that provided an array of services to address parental and child disadvantage.

The Government's Final Regulatory Impact Statement points out “ a time limited programme may not provide enough support for those disadvantaged communities that may have longer term issues.”

There is a growing and substantial body of evidence of the long run benefits of quality programs in the early years for children and families living in social disadvantage. Longitudinal research provides strong evidence of the effectiveness of programs aimed at parenting, attachment, behaviour modification, child care and preschool. The developmental gap between children from higher and lower income families is already

stark. The Australian Early Development Index (AEDI) 2012 found disadvantaged children entering grade one were behind and stayed behind. The AEDI 2012 also found that “overall in Australia 22% of Australian children are likely to be developmentally vulnerable in one or more domains. 10.8% are vulnerable on two or more domains. The majority of ATSI children are more than twice as likely to be developmentally vulnerable than non Indigenous children. Children living in most socio- economically disadvantaged Australian communities are more likely to be developmentally vulnerable on each of the AEDI domains.”

Daniel Clony, Research Fellow, Melbourne Graduate School of Education, in his December 2015 study “Quality Early Learning Out of Reach for Many”, found lower socio- economic areas had lower access to quality long day care. There have been calls for modelling of the package to be released. NFAW agrees, noting that the government has detailed data (the child care census) on the number of places, prices and quality measures for child care centres throughout Australia.

AIFS, Family Matters, May 2015 found

- At all ages, children in single parent households were more likely than others to be in informal care only
- Children 3-5 years in single parent households were significantly less likely than other children to be in preschool or formal child care only
- Children 6-12 living outside major city areas are more likely to be in parental care only.

Previous programs were not for profit community based services that offered education, social developmental needs, child care eg long day care , outside school hours care, Playgroups, nutrition programs and parenting programs based on local needs. Comprehensive support to overcome barriers to welfare dependency is critical.

Socio- economic disadvantage early in life can lead to chronic disease, psycho-social problems, educational underachievement, and unemployment into adult life. The gap between school achievement and life outcomes between many socially disadvantaged and Indigenous children and families and mainstream Australia is complex and in many situations not a simple issue of social inclusion and responsive service types. Comprehensive community based programs are needed for the multiple complex needs of families beyond single service providers, the difficult to access information about services for families in need, the lack of cohesion between services, especially provided by different levels of government in siloed agencies. What is needed is a service model that encourages the needs of culturally diverse families. Services designed with an holistic approach to addressing needs.

The Menzies School of Health Research Centre evaluation of the Total Learning Centre, examined the outcomes of a collaboration between Mallee Family Care and Mildura Primary School and others on school readiness. It provides a good example of successfully addressing a complex set of issues. The schools population had high rates of criminality, psychiatric admissions, teenage pregnancy rates, low participation in community services,

child maltreatment and household financial stress. The school also had a high proportion of Indigenous (29%) and migrant new arrivals (25%).

NFAW is concerned that the proposed CCSN programs are too mainstream, provide less access and narrow the range of services that can be provided. In addition, it is not clear if the Inclusion Support Program will be available for modifications to buildings (as well as for equipment) and for adjacent accessible parking; and whether “practical inclusion and advice and support for services” includes staff training.

Integration with other related national policies

The Australian, 9 January 2016 reports that “the government plans to use “early intervention” to get thousands of people off welfare and into work by drawing on an extensive study due within weeks that will shine a spotlight on failed spending programs....central to the governments agenda is the goal of breaking a cycle in which young children grow up in families relying heavily on welfare , without enough support to complete their education and join the workforce.”. The strategy is called “Priority Investment Approach” and is being undertaken by PWC.

This flows from the 2015 Mc Clure report which recommended overhaul of the welfare system along the lines of the New Zealand model, which was funded in the last budget.

Changes in welfare policies or in approaches to joblessness are likely to have a direct impact on families, especially sole parents. Again the government seems to be taking a siloed approach to family policy and again this seems to be in contradiction to the more narrow focus of the CCSN.

Conclusion

The package successfully addresses some key elements of reform, particularly the complexity and affordability of the current system. However, it is critical that the new system gets it right if Australia is to maximise the welfare of families and children and through this lift the country’s productivity. Child care should be available to families who need it. Some of the proposals will negatively impact many families and children and reduce access to early learning for a large group of children.

NFAW recommends the Committee

- Reject linking funding to the proposed cuts to FTB B and PPL
- Propose broadening the objectives to include early learning and poverty reduction as part of an overall families strategy
- Propose that future major reform exercises, such as welfare reform and taxation reform, be tested to ensure they meet these objectives
- Support calls for modelling data to be made public

- Support the review and monitoring arrangements proposed but also include in the legislation that an independent evaluation be undertaken
- Propose restoring 24 hours of Childcare per week as part of the activity test
- Propose that the CCSN, particularly the CCCF, be restructured to ensure that the flexibility needed to address the complex individual circumstances of families and communities, particularly for ATSI families, is ensured.

This submission has been endorsed by the NFAW Board and also by Equality Rights Australia (ERA) and Security For Women (S4W).

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Chair, Social Policy Committee