



**ASU Submission**  
**to the Australian Senate Education and  
Employment Committee**  
**Inquiry into the Family Assistance Legislation  
Amendment (Jobs for Families Child Care  
Package) Bill 2015**

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## About the Australian Services Union

The Australian Municipal, Administrative, Clerical and Services Union (ASU) is one of Australia's largest unions, representing approximately 120,000 members. The ASU was created in 1993. It brought together three large unions – the Federated Clerks Union, the Municipal Officers Association and the Municipal Employees Union, as well as a number of smaller organisations representing social welfare, information technology.

Today, the ASU's members work in a wide variety of industries and occupations and especially in the following industries and occupations:

- Local Government (both blue and white collar employment)
- Social and community services, including employment services
- Transport, including passenger air and rail transport, road, rail and airfreight transport
- Clerical and administrative employees in commerce and industry generally
- Call centres
- Electricity generation, transmission and distribution
- Water industry
- Higher education (Queensland and South Australia).

The ASU is the largest Local Government union in Australia, and represents Early Childhood Educators employed in Local Government Child Care centres, including Long Day Care, Pre-schools, Out of School Hours Care (OOSHC), and facilitation of Family Day Care (FDC). The ASU has members in every State and Territory of Australia, as well as in most regional centres. We are a community-based organisation and take a strong view about the success of Local Government. Our members tend to live in the communities where they work:

In both urban and regional areas, the local council is often the largest single employer; therefore, uncertainty has significant economic impacts locally. The economic interests of Australian urban, rural and remote communities need a resolution.<sup>1</sup>

Therefore, ASU advocacy extends beyond negotiated industrial outcomes for members. The ASU has a true commitment to the Local Government industry with a proud history; since 1871, of representing employees and that has a far-reaching effect on the sustainability of all communities. The ASU is a significant advocate and our issues are representative of all Australians.

Local government manages large non-user pay sections of infrastructure across Australian communities, is a community governance and provides a wide range of equitably accessible services for which there is no other adequate provider in a market approach.

Local Government makes a significant contribution to communities through the provision and support of Early Childhood Education and Care (ECEC). The facilities and amenities provided by local

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<sup>1</sup> Aph.gov.au 2013. Final report on the majority finding of the Expert Panel on Constitutional Recognition of Local Government; the case for financial recognition, the likelihood of success and lessons from the history of constitutional referenda. [ONLINE] Available at: [http://www.aph.gov.au/parliamentary\\_business/committees/house\\_of\\_representatives\\_committees?url=jsclg/localgovt/finalreport.htm](http://www.aph.gov.au/parliamentary_business/committees/house_of_representatives_committees?url=jsclg/localgovt/finalreport.htm)

government provide significant opportunities for the development of such services. These can be complemented by other Local Government services, such as the coordination of local community health services. Local Government investment in infrastructure that supports ECEC is of significant importance to communities. Investment such as this can result in outcomes which bring benefit to children, their families and communities well into the future. In addition, most Local Government infrastructure is critically important in building the social and economic resilience of local communities.

## Introduction

The ASU has a longstanding history of submission writing and campaigning for the provision of quality early childhood education and care (ECEC) to benefit children, their families and workers in the industry.<sup>2</sup> ECEC is a critical investment in the future of our children and that of the nation. The Union has also argued that the provision of ECEC is an important element that can enable mothers to stay in the workforce and progress through their career path.

The ASU works with and supports ECEC workers in local government as well as family day care coordinators - both of which play an important role in early education and care in Australia. The skill and expertise of these workers contributes significantly to the wellbeing of children and ultimately the productivity of the nation.

Because of the Union's long standing interest and activism in this area, we welcome the opportunity to participate in the Senate Education and Employment Inquiry into the *Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015*.

The current Bill was introduced into Parliament on 2 December 2015. It is one of several which have been introduced by the Federal Government to implement changes put forward in the 2015-2016 Federal Budget. The Union notes that asset testing and child care were significant components in the Budget.

The *Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015* introduces some key aspects of the Jobs for Families Package that was announced in the Budget. The Child Care Subsidy to be ushered in through the Bill is said to be a centerpiece of its Families' Package. The stated objective of the Package is to "help parents who want to work, or who want to work more, by providing a simpler, more affordable, more flexible and more accessible child care system."<sup>3</sup>

Whilst the Union welcomes the increased investment of \$3.2 billion into early childhood education and care, we note with concern that the package is conditional on cutting support to other important family support systems such as family tax benefits<sup>4</sup> and paid parental leave.<sup>5</sup>

The main amendments resulting from the current Bill would replace the Child Care Benefit and the Child Care Rebate with the Child Care Subsidy which would become effective in July 2017.

The potential impact of the Bill is likely to affect different families in various ways, depending on their circumstances. However some studies have already shown that the overall impact of the 2015-2016 Coalition Budget will fall more heavily on low income families.<sup>6</sup>

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<sup>2</sup> For example, in recent years the ASU made submissions to the Productivity Commission *Inquiry into Childcare and Early Childhood Learning* in 2014 and the Senate Standing Committee on Education and Employment Inquiry into the *Family Assistance Legislation Amendment (Child Care Measures) Bill (No.2) 2014*.

<sup>3</sup> Explanatory Memorandum, *Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015*, p2.

<sup>4</sup> *Social Services Legislation Amendment (Family Measures) Bill 2015* and *Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill (No. 2) 2015*.

<sup>5</sup> *Fairer Paid Parental Leave Bill 2015*.

The Union is of the view that, contrary to stated intentions of the current Bill, the proposed families Package could have significant negative impacts, particularly on families who can least afford it. However more detailed information needs to be forthcoming from the Federal Government in order to obtain a clearer understanding about the number of families which will be negatively affected by the legislation. The Union will take this opportunity to outline some of these concerns in this submission.

The ASU also takes this opportunity to express support for the submission of the Australian Council of Trade Unions (ACTU) which extensively addresses the Federal Government's *Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015* in the context of the Government's overall Families Package. Whilst we support the ACTU submission, we would like to submit addition information as follows.

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<sup>6</sup> See findings of report by Ben Phillips, NATSEM at the University of Canberra, *Analysis of the 2015-16 Federal Budget*, June 2015, section 4.2 Child Care Package

## Importance of early childhood education and care

The Australian Services Union continues to emphasise the value of quality early childhood education and care (ECEC) for children, their families and the community as a whole.

The evolution of child care centres into the modern centres of early education and learning makes it essential that in the current context, discussion about 'child care' should not be confused with 'child minding.' The educational basis of ECEC is critical and the exercise of workers' knowledge, skill and professionalism has been shown to assist with the development of early learning in children.

In recent times there has been considerable improvement in our understanding of early brain development of children. There is increased knowledge and information on the importance of positive early childhood experiences on the future health of children, their development, learning and wellbeing. It is also important to note that children from disadvantaged backgrounds have much to gain from good quality programs and supports - this also benefits the wider community in the long term.<sup>7</sup>

The Benefits of quality service support and educational programs in the early years include:

- Early identification of children at risk
- Improved brain development
- Improved cognitive, emotional and physical development
- Improved school attendance
- Improved socialisation with other children.
- Better performance at school
- Improved longer term prospect<sup>89</sup>

All these benefits can improve long term outcomes for children in terms of furthering their educational outcomes, workforce opportunities and general contribution to community life. The long term benefits for children also have compounding benefits to the wider community in terms of less attention being needed on such things as remedial health issues, welfare and outcomes of inequality.<sup>10</sup>

The Union considers accessibility to early childhood education has important social justice implications because it can lay the foundations which affect a child's quality of life, outcomes and opportunities in later life.

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<sup>7</sup> For example see Community Child Care Co-op (CCCC), Cred Community Planning and Australian Community Children's Services NSW (ACCS), *Childcare, roads, rates and rubbish: NSW Local Government and Early Education and Care*, January 2013, p9, this document is available from the publications section of the Community Child Care Co-operative Ltd (NSW) website < <http://cccncsw.org.au/publications/other> >.

<sup>8</sup> Ibid.

<sup>9</sup> Council of Australian Governments (COAG), *Investing in the Early Years – A National Early Childhood Development Strategy: An Initiative of the Council of Australian Governments*, 2 July 2009, page 6 <[https://www.coag.gov.au/sites/default/files/national\\_ECD\\_strategy.pdf](https://www.coag.gov.au/sites/default/files/national_ECD_strategy.pdf)> viewed 8 January 2016.. p9

<sup>10</sup> Ibid.

In 2014 the Union completed an extensive survey of ECEC workers and families who use these services. Over a three week period, a total of 1,184 people participated in the survey. This relatively high level of response indicated that there is a considerable amount of interest in this issue, particularly within the ASU membership.

The survey was in response to a Productivity Commission draft report on Childcare and Early Childhood Learning. ASU members noted the benefit of quality ECEC for children. The following are selected extracts from comments made:

[In discussion about qualifications of educators]

*I have seen how my 18 month old has benefitted from attending a centre with degree qualified educators.<sup>11</sup>*

*Recent research shows the first 3 years are the most vital in terms of brain development and the education and care provided by trained professionals the most effective. Put the two together at the same time will be most productive!.....<sup>12</sup>*

[In discussion about funding ECEC programs in rural and remote areas]

*Children in these areas deserve ongoing access to ECEC and will be at risk of further disadvantage without it. EC Educators also deserve job security and the relationships established between educators, children and families in the community are an invaluable resource.....<sup>13</sup>*

The importance of effective early childhood education and care is well understood in comparative countries where there is a larger investment of GDP to early education and care than is provided in Australia.

For example, a report by Professor Deb Brennan and Research Associate Elizabeth Adamson examined overseas funding practices noting that internationally there is recognition of the value of adequate funding for early childhood education and childcare. The report reveals that “while giant strides are being taken internationally, Australia, by contrast, is taking baby steps”.<sup>14</sup>

The report also made reference to Australia’s female participation rate being one which “lags well behind that of other comparable countries” and concluded that improved access to affordable childcare would “go a long way towards addressing this issue.”<sup>15</sup> Nevertheless the report cautioned against simply viewing childcare through the “lens of workforce participation” as this can lead to the

<sup>11</sup> ASU submission to Productivity Commission *Response to Draft Report on Childcare and Early Childhood Learning 2014*, Submitted September 2014, p22.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid. p15.

<sup>14</sup> Professor Deb Brennan and Elizabeth Adamson, *Baby Steps or Giant Strides?*, McKell Institute, June 2015, p23.

<sup>15</sup> Ibid. p58.



exclusion of many families which would derive significant benefits from early childhood education services. The report therefore concluded that childcare policy should “where possible, seek to be as inclusive as possible”.<sup>16</sup>

The Union is of the view that any policies or legislation which reduce support for struggling families, particularly for low income and disadvantaged families, are counter-productive. Any cuts should also take into account potential long term social costs which will inevitably require attention in future budgets.

Explanations relating to the Federal Government’s *Families Child Care Package* have the stated intent of addressing concerns about assistance and accessibility for low and middle income families. However, the Union is aware that some changes will actually result in many families being worse off.

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<sup>16</sup> Ibid, p58.

## Child Care Subsidy

Whilst the Union welcomes the increased investment of \$3.2 billion into the childcare package, we understand that funding for this package is contingent on cutting support in other vital family support mechanisms such as family tax benefits and paid parental leave.

The *Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015* aims to replace the Child Care Benefit (CCB) and Child Care Rebate (CCR) with a single, means- tested Child Care Subsidy (CCS). Parents will also be required to pass an activity test in order to be eligible for assistance. This new CCS is to be paid directly to service providers - to be passed on to families.

Within the *Explanatory Memorandum* relating to the Bill, it is stated that the new subsidy “will be better targeted to provide more assistance to low to middle-income families and to replace current child care payments.”<sup>17</sup>

The Department of Education and Training fact sheet about the Bill notes that families earning \$65,710 or less will receive a subsidy of 85% of the actual fee paid (up to an hourly fee cap). But the union is aware that they will experience a reduction in child care assistance (from the currently existing entitlement of 24 hours *per week* to 24 hours *per fortnight*.)

In addition, parents will be confronted by a complex activity test that is likely to cause considerable uncertainty, particularly for those engaged in insecure employment.

For families with incomes above \$65,710, the subsidy tapers down to 50 percent as family income reaches \$170,710 and 20 percent when family income reaches \$340,000 or more.<sup>18</sup> However, the Union notes that this subsidy is relevant if all parents satisfy the activity test. If there is one stay-at-home-parent and a family income over the \$65,710, the family will not be eligible for any care.

The Child Care Subsidy applies to hourly prices with varying caps<sup>19</sup> for different service types: Centre Based Long Day Care fee caps will be a maximum of \$11.55 per hour; Family Day Care \$10.70; Outside School Hours Care \$10.10.<sup>20</sup> These are the maximum hourly rates that will apply but will be indexed with inflation beyond the 2017 introduction.

The annual cap on rebates will be scrapped for families earning less than \$185,710 but for families earning \$185,710 or more, there is an annual subsidy cap of \$10,000 per child.<sup>21</sup> This is more generous than the existing cap for all families of \$7,500 per annum, per child.<sup>22</sup>

<sup>17</sup> Explanatory Memorandum, Op. Cit.

<sup>18</sup> Department of Education and Training fact sheet titled ‘Jobs for Families Child Care Package’

<sup>19</sup> The Union notes that terminology used by the government (in relation to maximum hourly rates) can cause confusion where it conveys an impression that fees charged by child care centres are capped, when it is actually the funding to families that is capped.

<sup>20</sup> *Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015*, Sch 2, Part 1, 2 Hourly rate of CCS (3).

<sup>21</sup> Ibid.

<sup>22</sup> Phillips, loc cit.

The new benchmark price funding model (determining government subsidies) has been indexed to the Consumer Price Index (CPI) and not the real market prices. As it is expected that child care prices will continue to rise at a more rapid rate than the CPI, the new arrangements will mean that, for some families they will progressively face higher out-of-pocket expenses.

Cost increases are likely to be of particular concern for families that completely lose the child care subsidy due to the new work test arrangements.<sup>23</sup>

As noted, children in families with an income over \$65,710 and with a stay at home parent will no longer be eligible for any subsidy for early childhood education and care. Depending on how the activity test is implemented, this situation could be an obstacle for families where one parent is trying to return to the workforce.

## Activity Test

As noted above, eligibility for the new Child Care Subsidy will be subject to an activity test. Activities that meet the requirements include paid work, being self-employed, doing unpaid work in a family business, searching for work, training, study and other recognised activity.

The Government's intended three-step activity test more closely aligns hours of subsidised care with the hours of recognised activity.

- 8-16 hours activity = eligible for up to 36 hours care per fortnight
- 17-48 hours activity = eligible for up to 72 hour care per fortnight
- More than 48 hours activity = up to 100 hours care per fortnight.

The new activity test under the proposed Child Care Subsidy is more stringent, complex and will restrict hours and flexibility for many parents. As such, it is unfair and likely to have a considerable impact on parental engaged in casual or part-time work. Because there will be people who have difficulty meeting the activity test (e.g. those trying to return to the workforce and working with only one casual shift a week) –they may not be eligible for the subsidy.

There is the possibility that parents will be increasingly required to pay the full cost of care if they get rostered on for fewer work hours than they expect – in that respect, the complexities of the new system can make it more difficult to balance work and family life.

Overall the activity test will make it harder for people like single parents to get back into the workforce. It is more complex than the current system and it requires work/activity to be established before child care can be accessed.

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<sup>23</sup> Ibid.

## Child Care Safety Net

The stated aim of the Child Care Safety Net is to provide vulnerable children with assistance while supporting their parents into work.

There are three components to the safety net:

- Additional Child Care Subsidy – a top up payment to assist children at risk of serious abuse or neglect; families experiencing temporary financial hardship; grandparents on income support who are primary carers; parents transitioning to work from income support; low income families who do not meet the activity test.
- Community Child Care Fund – supplementary funding through a competitive grants programme to help achieve particular program objectives (such as reducing barriers to access for disadvantaged or vulnerable families).
- Inclusive Support Programme – to assist mainstream services to improve inclusive practices and address barriers.

Some families who have an income below \$65,710 who are not able to meet the activity test will be able to access the Child Care Safety Net, however it has been noted that this assistance will provide for 24 hours of subsidised care per fortnight - effectively a 50% reduction compared to the current CCB. (the CCB currently gives all parents access to 48 hours per fortnight subsidised care, regardless of whether or not they undertake activities.)

Families with incomes over \$65,710 will no longer receive subsidised childcare unless they meet an activity test of at least 8 hours per fortnight.

As children's access to early education and care will largely depend on their parent's activities; some children will experience reductions in the amount of education and care they can access.

A study by research centre NATSEM (University of Canberra) found that the overall impact of the government's child care package is more generous for some families, it does conclude that "around 25 percent will be worse off – mainly due to the tougher work test and to a less extent the cap on prices for the new subsidy".<sup>24</sup>

The NATSEM findings considered that overall the new child care package "does provide some significant relief to some families it also reduces subsidies to other families".<sup>25</sup> Indeed, the report suggests that as a result of changes proposed through the legislation, around 250,000 families could see a reduction in access to early childhood education and care.

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<sup>24</sup> Ibid

<sup>25</sup> Ibid

The study concluded that it will “still leave families at the bottom end of the income spectrum significantly worse off in absolute and percentage term.”<sup>26</sup>

An article by Associate Professor (QUT) Susan Irvine<sup>27</sup> reflected on the developmental gap which can exist between higher and lower income families. Irvine stressed that the Child Care Safety Net “Just 12 hours of ECEC a week is simply not sufficient to close the developmental gap”<sup>28</sup>

The Union has consistently emphasised the importance of ensuring adequate funding for vulnerable and disadvantaged children. On previous occasions our members have indicated that they agree with the view that more funds should go toward a top up of the basic subsidy for children with additional needs. The following are a few comments from members which are an extract from a Unions submission to the Productivity Commission inquiry. These provide some background information relating to the views of our members<sup>29</sup>:

*Also further training for staff to identify some children that may have additional needs that has not been identified. Children with additional needs need extra support, as not only do they suffer it is not provided, all the other children are affected by this child, as may have program modifications to cater more for the child with additional needs instead of for the whole group, for example no excursions for any children, children with special needs shouldn't be left behind, but children in that class shouldn't be affected either. If we don't get the extra funding that is required to assist children with additional needs, all our children suffer! (35)*

*Funding needs to be commensurate with need - if the basic subsidy isn't enough there should be flexibility to provide the funding needed to assist children in this situation to be better included in our community. (54)*

*There's not enough money for Centre's to support children with additional needs*

*Funding should go towards making centres inclusive for all children rather than singling out a child to be treated differently. Studies have shown that an inclusive environment benefits all children, regardless of any additional needs. If the centres are set up inclusively, no extra funding would be required and all children attending the centre would benefit.*

*Much more funding should go into early assessment strategies as early intervention is crucial.*

The Union notes however that concerns have been raised that the proposed legislation would end a program that provides funding for services specifically tailored for Indigenous children. Anxiety about this issue spilled into the media as a number of Indigenous organisations expressed concern that mainstreaming could result in the loss of funding for services which have been long valued by

<sup>26</sup> Ibid

<sup>27</sup> Susan Irvine, The Spoke –Early Childhood Australia’s Blog, ‘Childcare funding changes leave disadvantaged children with fewer hours of early education’, < <http://thespoke.earlychildhoodaustralia.org.au/childcare-funding-changes-leave-disadvantaged-children-with-fewer-hours-of-early-education/>> accessed 5 January, 2015.

<sup>28</sup> Ibid.

<sup>29</sup> ASU submission, to Productivity Commission, Op. Cit., p12 & p13.

their local communities. This issue was explored by political reporter Julie Doyle who highlighted the uncertainty presented by the new model of funding in an interview with Leanne Gibbs:

Leanne Gibbs from the Community Child Care Cooperative said the change will have big implications.

“Children will miss out because budget-based services and Aboriginal child and family services have been developed and established to meet the particular needs of Aboriginal children and families and they’ve been doing a fantastic job delivering that service,” Ms Gibbs said.<sup>30</sup>

## Quality Services

The Union notes that comparable countries have committed to higher financial resourcing of early childhood education and care compared to Australia. Whilst the OECD average is 0.8% of the GDP being invested in ECEC, it is estimated that Australia only invests approximately 0.5%.

Investment in quality early childhood education and care has a range of longer term benefits for the national economy as well as individuals and families. However, an increased government emphasis on increasing the role of market forces (often by way of competitive tendering) will not necessarily be the most effective way to ensure quality services or adequate service provision.

In recent years there has been an increasing understanding that the key drivers of quality in ECEC are the qualifications of the educators and the numbers of the educators employed (staff to child ratio).<sup>31</sup> As with many other community services areas, the ECEC workforce is predominantly female. Indeed an ABS report on Community Service Workers in 2011, indicated that 96% of Child Care Service workers in Australia were women.<sup>32</sup>

These women often have a range of family and caring commitments outside their paid employment. They require adequate pay, flexibility to manage their commitment family commitments, as well as requiring certainty of employment.

Although the level of involvement by local government in ECEC varies from state to state, the contribution which local government makes to quality ECEC is significant. Indeed, local government run services are generally viewed by the community as providing good value for money in the provision of quality services and their accessibility to diverse community members and those with additional needs.<sup>33</sup>

<sup>30</sup> Julie Doyle, Indigenous communities fear Federal Government’s child care changes will impact ‘most vulnerable’, ABC News article Updated 29 December 2015, 905am, < <http://www.abc.net.au/news/2015-12-29/indigenous-child-care-centres-fear-impact-funding-changes/7057188> > accessed 22 January 2016.

<sup>31</sup> Community Child Care Co-op, Op. Cit. p 35.

<sup>32</sup> ABS, ‘Community Service Workers’, Cat. 4102.0 – *Australian Social Trends*, Sept 2011, , <<http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4102.0Main+Features30Sep+2011>,> viewed 25 July, 2014.

<sup>33</sup> Community Child Care Co-op, Op. Cit p 20.

We note for example, the findings of a report by the Community Childcare Co-operative on NSW Local Government and Early Education and Care. This report included a comparison of the National Quality Standards of various types of ECEC providers including councils, not-for profit community organisations and the for-profit sector. The report concluded that local government service providers “scored higher ratings to date against the National Quality Standard for early childhood education and care services”.<sup>34</sup>

With regard to services provided to children with additional needs the report noted the following:

Another area where there is a distinct difference in service outcomes by provider terms is in terms of accessibility to early childhood education and care places for children with additional needs or who may require higher levels of care. As part of this study we conducted a survey, which was distributed to all NSW early childhood education and care services. 288 services responded [around a 10% return rate].

The outcomes showed that there are higher proportions of children from disadvantaged backgrounds attending Council and not-for profit services.<sup>35</sup>

The study contained various tables and charts revealing the related data obtained through the survey of 288 services. The following table (from that report) compares the different type of services and indicates the proportion of children with additional needs who use those services.

**Table: Proportion of centres with 21 or more children with additional needs or from disadvantaged backgrounds attending their service each week.**

	Council	Not-for-profit community	For-profit
If preschool, are health care card owners	3%	29%	4%
Are Aboriginal or Torres Strait Islander	11%	9%	1%
Speak English as a second language	13%	15%	16%
Are children with additional needs	3%	7%	0%

Source: Table from Community Child Care Co-op (CCCC), Cred Community Planning and Australian Community Children’s Services NSW (ACCS), *Childcare, roads, rates and rubbish: NSW Local Government and Early Education and Care*, January 2013, page 20.

As described in the report, the table shows:

There are higher proportions of council and not-for-profit centres with 21 or more children attending their service weekly that have additional needs or are disadvantaged than for-profit centres. This is a clear difference in relation to children with additional needs.<sup>36</sup>

<sup>34</sup> Ibid p 18.

<sup>35</sup> Ibid. p22f, see also Appendix 3

<sup>36</sup> Ibid p 20

The next table (below) shows a significantly higher proportion of Not-for-profit centres providing between 1 and 20 children in the category of “if preschool are health care card owners” (44%), this is followed by the For-profit centres (15%) and then the Councils (11%).

For all other categories, there was a higher proportion of Not-for-profit community organisations and Council centres providing services to 1-20 children with additional needs each week when compared with For-profit organisations.

**Table: Proportion of centres with between 1 and 20 children with additional needs or from disadvantaged backgrounds attending their service each week.**

	Council	Not-for-profit community	For-profit
If preschool, are health care card owners	11%	44%	15%
Are Aboriginal or Torres Strait Islander	57%	54%	46%
Speak English as a second language	68%	60%	43%
Are children with additional needs	73%	79%	62%

Source: Table from Community Child Care Co-op (CCCC), Cred Community Planning and Australian Community Children’s Services NSW (ACCS), *Childcare, roads, rates and rubbish: NSW Local Government and Early Education and Care*, January 2013, page 21.

Other findings in the report indicated that council and not-for-profit services “are still providing greater access across all areas, in particular children with additional needs”.<sup>37</sup>

Findings such as these suggest that there can be risks involved in the expansion of market forces in the provision of early childhood education and care. Increased competition and an expanded role for profit making could result in reduced accessibility and service provision for some children with additional needs. This can result from a shift in focus toward cutting costs in order to increase profits.

The Union is of the view that shifts in public policy which result in reductions in quality and accessibility for our diverse populations is not in the long term interests of children or communities. Indeed the increased shift toward the marketization of community services can threaten the viability of services which are highly valued by communities, particularly those with family members who have additional needs. Such shifts can also present a threat to the careers and livelihood of valued workers who are skilled at providing appropriate services to diverse community members. If this situation develops, it can result in the wasteful loss of skilled workers from the industry.

<sup>37</sup> Ibid. p 20.



Uncertainty of ongoing employment is not a factor which would encourage workers to seek employment in the child care arena. Indeed in some regions, child care centres already face significant problems in trying to attract qualified staff.

To assist workers in balancing their own work and family life, family friendly arrangements should be in place as well as access to paid parental leave.

Childcare workers need to know that their work is valued and that they will receive decent wages and conditions along with employment certainty. These are the elements which will attract workers to the industry and be encouraged to stay. This brings added benefit to children who gain from the continuity and the stable relationships that develop between the workers, children and families.

## Comment on overall family package

To some extent *the Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015* will have differing impacts on families, depending on their circumstances – some families may be better off (particularly those who have secure employment with regular hours) while others will be worse off (such as those who are unable to conform to the unfair and complex activity test). However, this bill should also be considered in the context of the set of Bills and overall *Families Package* of the current Federal Coalition Government.

It is this contextual setting which has been extensively dealt with in the submission by the ACTU. The ASU concurs with the submission of the ACTU and particularly wishes to note the following issues in relation to the set of changes which the Government has sought to introduce:

### Paid Parental Leave

Union members have expressed outrage that the government has sought to reduce access to Paid Parental Leave.

The Union advocates for a fair system of paid time at home to care for the next generation, to ensure they have the best start. This is not only good for workers it is crucial for children – and consequently beneficial for the general Australian community.

The *Paid Parental Leave Act 2010* currently states that

The financial support provided by this Act is intended to complement and supplement existing entitlements to paid or unpaid leave in connection with the birth or adoption of a child.<sup>38</sup>

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<sup>38</sup> *PPL Act 2010*, Division 1A - Objects of this Act 3A (3)

Despite these provisions in the existing legislation, the Coalition Members of Parliament accused parents of rorting the system if they access their entitlements.

The Coalition's PPL Bill would now restrict the PPL payment to a maximum of \$11,824. Those with employer funded PPL would have this deducted from the government PPL payment. This effectively limits options for families who gained PPL workplace provisions – often developed in the context of complex negotiations.

It is an example of the Coalition government's keenness to reduce family entitlements while placing blame on parents.

### Cuts to family tax benefit

The Union considers it totally unacceptable that the government would want to cut essential family support payments by way of cuts to the family tax benefit system. The family tax benefit (FTB) system helps supplement the incomes of low and middle income families to enable them to meet the everyday costs associated with raising children.

The latest incarnation of proposed cuts has several components. The biggest savings are expected to come from dumping the supplementary payments under the FTB Parts A and B which are currently worth up to \$1,080 per child.<sup>39</sup>

By making the Jobs for Families Child Care Package contingent on proposed cuts to paid parental leave and family tax benefits, the Government is indicating that it is not committed to adequately supporting families across the life cycle and is prepared to undermine support for children's health, well-being and development.

Australian children and their families deserve a better outcome than this. We therefore implore the Australian Government to adequately fund a suite of family support measures from birth to adulthood including paid parental leave, early childhood education and care, as well as family tax benefits.

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<sup>39</sup> See Eliza Borrello and Francis Keany, 'Government introduces legislation to scale back Family Tax Benefit payments', ABC News, <http://www.abc.net.au/news/2015-10-21/government-to-scale-back-family-tax-benefit-payments/6871524>  
Accessed 22 January 2016.

## Conclusion

This submission has noted that *the Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015* will have differing impacts on families, depending on their circumstances. However the Union remains concerned that some low income and middle income families will be worse off as a result of the Bill and notes that the harsher activity test imposed on families could limit the access of early education and care for some children.

It is also a matter of concern that the Jobs for Families Child Care Package is contingent upon proposed cuts to paid parental leave and family tax benefits.

The ASU reiterates our support for the ACTU submission and the recommendations it contains.

If invited to do so, the ASU would welcome the opportunity to appear before the Committee at a future date and at any public hearing(s) in order to represent the arguments more fully, on behalf of our members.