

THE JOBS FOR FAMILIES CHILD CARE PACKAGE:

Unintended consequences and policy alternatives for Aboriginal and Torres Strait Islander children

THE JOBS FOR FAMILIES CHILD CARE PACKAGE has been introduced with the stated intention to create a 'more affordable, more flexible, and more accessible child care system.' With Aboriginal and Torres Strait Islander children twice as likely to be developmentally vulnerable early in life, and half as likely to access early education as non-Indigenous children, this reform has enormous potential to contribute to the agenda to Close the Gap.

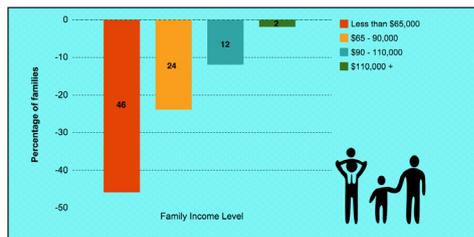
HOWEVER, analysis by Deloitte Access Economics and SNAICC reveals that the package, in its current form, may operate contrary to its stated policy objectives. Without substantial long term funding adequately directed through the Additional Child Care Subsidy and the Community Child Care Fund, access to and affordability of critical early years services for over 19,000 Aboriginal and Torres Strait Islander children may be threatened.

THERE ARE TWO MAJOR CHANGES THROUGH THE PACKAGE THAT WILL MOST SIGNIFICANTLY IMPACT ABORIGINAL AND TORRES STRAIT ISLANDER CHILDREN:

- 1. The Budget Based Funding (BBF) Program** - the specific program designed for areas where a user pays model is not viable - **will be abolished**. 80% of services in this program are for Indigenous children.
- 2. Access to subsidised early childhood education and care (ECEC) services will be halved** for children whose families earn less than around \$65,000 per annum (an estimated 78% of Indigenous children participating in the BBF program) and who don't meet the 'activity test'.

The analysis by Deloitte Access Economics, of a sample of 25% of all children participating in long day centres within the BBF program, found that before taking account of potential support through the Child Care Safety Net, the *Jobs for Families Child Care Package* will:

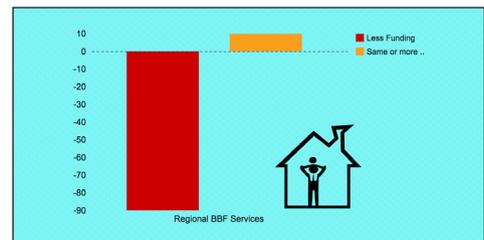
- 1. Reduce access:** 40% of families accessing BBF services, including 46% of families in the lowest income bracket, would be eligible for an average of 13 hours less subsidised hours of child care per week. Enrolments would reduce by 9% and hours of service provision by 13%.



- 2. Increase costs:** 54% of families accessing BBF services would face higher out-of-pocket costs, with an average increase of \$4.42 per hour.



- 3. Reduce service revenue:** 67% of BBF services would receive reduced Government revenue with an average reduction of 9%.
- 4. Undermine regional and remote services:** 90% of regional and 83% of remote BBF services would have reduced government revenue. Remote services would experience an average 34% reduction in funding.



The report concludes that reductions in revenue may reduce the provision of wrap around services that are critical to engagement and meeting the additional support needs of vulnerable families.

SNAICC believes that in reality the impacts for Aboriginal and Torres Strait Islander services and families may be worse than these figures suggest, with administrative hurdles and prescriptive requirements to accessing subsidies likely to further reduce service revenue and families' ability to access the mainstream Child Care Subsidy. The experience of our services that administer the mainstream funding model is that vulnerable families have great difficulty accessing the subsidies they are entitled to, requiring significant service resources to support families to access funding.

“The report reveals a significant risk of the *Jobs For Families Child Care Package* to early childhood outcomes for Aboriginal and Torres Strait Islander children unless ongoing, adequate and sustainable support mechanisms are confirmed through the *Child Care Safety Net*.”

Lachlan Smirl, Deloitte Access Economics

A range of unintended policy consequences are likely to flow on from these outcomes, without strong and effective protection measures, including that:

- the Aboriginal and Torres Strait Islander community controlled service sector, primarily funded through the BBF program, will be diminished, defeating policy objectives to empower and build capacity for Indigenous communities. This is counter to the evidence that Indigenous service delivery increases Indigenous family engagement.
- A range of vital BBF services that do not fit a mainstream ECEC model will become unviable, such as playgroups, mobile services and out of school hours care.
- Rather than enacting measures to redress the 15,000 place gap in ECEC participation for Indigenous children identified by the Productivity Commission, the gap will increase.

These potential impacts highlight the imperative to ensure the ACCS and the CCCF funds are adequate and used effectively to ensure critical services for Aboriginal and Torres Strait Islander families and children are not adversely impacted.

As noted, there are a number of mechanisms within the Child Care Safety Net of the Package that are designed to support access for vulnerable children that will play a vital role in mitigating the above consequences. These include:

- the Additional Child Care Subsidy
- provision of 24 hours access to subsidised care for families earning less than \$65,000 and not meeting the activity test
- the Community Child Care Fund and
- the Inclusion Support Fund.

“Investing in early childhood is the most important thing we can do to break the cycle of a disadvantage, get Aboriginal people into the workforce and to participate in our dominant society. The best way to do this is by enriching and supporting cultural Aboriginal Early Childhood services, not undermining them and setting them up to fail – this is the way forward for Australia today.”

Fiona Stanley, Patron, Telethon Kids Institute

However, the Child Care Safety Net is not constructed in a way that will adequately redress identified concerns. Each component requires satisfaction of very specific criteria, providing a deficit-based stop-gap rather than a genuine solution. In particular:

ADDITIONAL CHILD CARE SUBSIDY (ACCS): provides short term subsidised early childhood service access for children at risk of serious abuse or neglect - for 6 weeks support and then a further 13 weeks as determined by the Department Secretary. It also requires families to put themselves on notice to the child protection department, which in the context of the Stolen Generations and the ongoing extraordinary rates of removal of our children will mean that families and services will not use this provision.”

COMMUNITY CHILD CARE FUND (CCCF): will provide competitive, time limited grants, open to an estimated 4,000 services in an attempt to reduce barriers to accessing child care. Applications will need to show how they will become sustainable through a three year grant. Issues of entrenched poverty, intergenerational trauma and long-term unemployment that many communities experience have taken generations to create and will not cease to exist within three years.

Ultimately, the Package conflicts with Indigenous service provision principles. Indigenous ECEC services have a different purpose to other services: they support the wellbeing of the most vulnerable children and families in the community – not just families’ work choices. They prioritise access for Aboriginal and Torres Strait Islander children not accessing, or unlikely to access, mainstream services, and through their unique features overcome many of the identified service access barriers Indigenous families experience. They are holistic and responsive to child and family need, including integrated language development, speech and hearing supports, as well as broader health, family support, capacity building and early intervention. They are Indigenous led and support local employment and up-skilling community.

Evidence strongly supports the importance of Aboriginal and Torres Strait Islander community control to outcomes in service delivery. ‘What works’ is community engagement, ownership and control over particular programs and interventions.

consequences of the reforms for Aboriginal and Torres Strait Islander children. These and further recommendation are detailed further in SNAICC's submission to the current Senate Inquiry into the Bill.

1. Adequate long term funding for an Indigenous specific program be allocated within the Safety Net to provide top-up subsidies to Aboriginal and Torres Strait Islander services. We recommend a transparent process to confirm this amount in consultation with peak bodies, including SNAICC, and services.
2. Families on incomes up to \$65,000 per annum receive up to two full days (20-24 hours) of subsidised care per week (amendment of Schedule 2, Clause 13(1) of the Bill).
3. The Australian Government guarantee that Playgroups, mobiles and other unique services supported within the BBF program, such as youth programs, continue to be funded either through the Community Child Care Fund or another program.
4. The hourly fee cap for the Child Care Subsidy be adjusted to reflect the higher costs of ECEC delivery:
 - 15% higher in remote communities (amendment to Schedule 2, subclause 2(2)).
 - 15% higher for Aboriginal and Torres Strait Islander services (amendment to Schedule 1, Clause 2(3)).
 - alternatively, to provide a 100% subsidy to families participating in Indigenous services (amendment to Item 1 of the table, Schedule 1, Clause 3(1)).
5. Retain the cap for higher income families at its current \$7,500 to remove discrimination against families on lower incomes whereby a family on \$40,000 per year with one child in care will be approximately \$2,558 worse off, whereas wealthy families with families on incomes of \$185,000 will be \$2,500 better off (Amend Schedule 1, Clause 1(2)).
6. Fund BBF ECEC service providers under the Community Child Care Fund to support families to access entitlements.
7. Expand the 42 days absence allowance under the Bill to include a provision (f) which reads: "the child is attending an event reasonably required by his/her culture" (Amend s33 (10(4)) Bill).
8. Strengthen the Additional Child Care Subsidy by using a 'vulnerability' test, allowing access for up to 12 months on a case by case basis and removing the requirement for proof of immunisation (ss85CA, 85CE and 67CD(3) of the Bill).

"Every child deserves a fair start in life. An Indigenous specific Program will ensure that every Aboriginal and Torres Strait Islander child has equal access to quality, early childhood education and care, regardless of their location or family circumstances."

Geraldine Atkinson, SNAICC Deputy Chairperson

In addition to being crucial to children's developmental trajectories, it is clear that investments in the early years and in prevention and early intervention more broadly yield significant financial returns. The return on investment for prevention and early intervention is consistently greater than costly remedial responses.

The Australian Research Alliance for Children and Youth, 2015