

A FAIR START FOR ABORIGINAL AND TORRES STRAIT ISLANDER CHILDREN: RECOMMENDATIONS TO AMEND THE JOBS FOR FAMILIES CHILD CARE PACKAGE

No Australian child should have their future compromised by being denied access to quality education.

The *Jobs for Families Child Care Package* has been introduced by the Commonwealth government to create a 'more affordable, more flexible, and more accessible child care system.' However, the package as it stands will worsen early years outcomes for Aboriginal and Torres Strait Islander children.

Currently, Aboriginal and Torres Strait Islander Children are twice as likely to be developmentally vulnerable early in life, and only half as likely to access early education as non-Indigenous children.

Analysis by Deloitte Access Economics and SNAICC reveals that, unchanged, the *Jobs for Families Child Care Package* will further disadvantage Aboriginal and Torres Strait Islander children.

But there is a viable solution. Access to quality early years education is proven to have the greatest impacts for vulnerable families, supporting a child's successful transition to school and life-long education and employment outcomes.

Amended, this package provides us with enormous opportunity to Close the Gap. If we can get the supports right in these reforms we can ensure our children are given the fair start in life all kids deserve.

However, without substantial long-term funding, access to and affordability of critical early years services for Aboriginal and Torres Strait Islander families will be threatened.

THERE ARE TWO KEY ELEMENTS OF THE PACKAGE THAT WILL CONTRIBUTE TO THESE OUTCOMES:

1. **The Budget Based Funding (BBF) Program**
- the specific program designed for areas where the user pays model is not viable which supports 19,000 children - **will be abolished**. 80% of services in this program are for Aboriginal and Torres Strait Islander 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* may:

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 experience of our services that administer the mainstream funding model suggests that in reality the impacts for Aboriginal and Torres Strait Islander services and families may be worse. Administrative hurdles and prescriptive requirements to accessing subsidies are likely to further reduce service revenue and families' ability to access the Child Care Subsidy.

There are a number of mechanisms within the Child Care Safety Net of the Package designed to support access for vulnerable children. These include:

- the Additional Child Care Subsidy – approximately \$90 million per year
- provision of 24 hours access to subsidised care per fortnight for families earning less than \$65,000 and not meeting the activity test (halved from 48 hours access now)
- the Community Child Care Fund of approximately \$100 million per year
- the Inclusion Support Fund of about \$135 million per year.

The Community Child Care Fund is the central component that seeks to redress the disconnect between a mainstream user pay model and Aboriginal and Torres Strait Islander services, whose mission is to support the most vulnerable children in a community to thrive. It aims to reduce barriers to accessing child care and will provide competitive, time limited grants of 1-3 years.

SNAICC is deeply concerned that the Child Care Safety Net, and in particular the Community Child Care Fund, is not constructed in a way that will redress identified concerns with the package, leading to a range of additional unintended policy consequences. Specifically:

- **There is insufficient funding:** the total allocation for the Community Child Care Fund available to services is about \$100 million is per annum, or under 1% of the \$10.5 billion investment in the mainstream Child Care Subsidy. This will be grossly inadequate to meet the needs of the most vulnerable families. A further \$100 million should be cashed out from the Community Childcare Subsidy and allocated to an Aboriginal and Torres Strait Islander specific program.
- **Community services can't compete:** the Community Child Care Fund will provide competitive grants open to an estimated 4,000 services. Small community services set up to meet the needs of remote and vulnerable communities will struggle to secure adequate funds in competition with strongly resourced mainstream providers.
- **Sustainability can't be achieved:** Community Child Care Fund grants will be time limited and linked to a business plan requiring services to demonstrate long-term service sustainability, failing to recognise the entrenched poverty, long-term unemployment and disadvantage that make sustainability without additional government funding impossible in many communities.
- **Vulnerable children will receive less education:** Despite over \$3 billion new

funding in this package, the Child Care Safety Net halves minimum hours of subsidised access to early learning, while evidence shows that vulnerable children's development and school readiness benefits most from quality early childhood education and care.

- **The 15,000 place gap in ECEC participation** for Aboriginal and Torres Strait Islander children identified by the Productivity Commission will increase.
- **The Aboriginal and Torres Strait Islander community controlled service sector will be diminished,** contrary to evidence that Aboriginal and Torres Strait Islander service delivery increases Indigenous family engagement and provides the best results for vulnerable children. It also defeats policy objectives to empower and build capacity for Aboriginal and Torres Strait Islander communities.
- **Traditional market failures ignored:** Aboriginal and Torres Strait Islander services have grown organically to respond to a gap in the market and a failure of mainstream services.
- **Closure of a range of vital services that do not fit a mainstream ECEC model:** playgroups, mobile services and out of school hours care, for example, will not be viable under this package. Currently, there are no program alternatives being offered for these services.

The package fails to understand that Aboriginal and Torres Strait Islander 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 Aboriginal and Torres Strait Islander 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 Aboriginal and Torres Strait Islander led and support local employment and up-skilling community.

How Aboriginal and Torres Strait Islander children fare will be a litmus test for the *Jobs for Families Child Care Package*.

Now is the time to ensure we have the details right.

KEY RECOMMENDATIONS

1. An Aboriginal and Torres Strait Islander specific program within the Child Care Safety Net to provide repeated three year grants to top-up the income to Aboriginal and Torres Strait Islander services to enable them to continue flexible service provision to the most disadvantaged children within their communities. New funds are not needed, existing funds (estimated \$100 million per year) could be cashed out from Child Care Subsidy funding.
2. A commitment to increase places for Aboriginal and Torres Strait Islander children by 5,000 over the first three years of the package to redress the current 15,000 place early learning gap.
3. Provision of at least two full days (20 hours) of subsidised quality early learning to all children to support their development, regardless of their parents' activities.
4. 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.