



SNAICC

National Voice for our Children

Family Assistance Legislation Amendment (Jobs for
Families Child Care Package) Bill 2016

Submission to the Senate Education and Employment Legislation
Committee

September 2016

SNAICC – National Voice for our Children (Aboriginal and Torres Strait Islander Corporation) is the national non-governmental peak body for Aboriginal and Torres Strait Islander children.

SNAICC works for the fulfilment of the rights of our children, in particular to ensure their safety, development and well-being.

The SNAICC vision is an Australian society in which the rights of Aboriginal and Torres Strait Islander children, young people and families are protected; our communities are empowered to determine their own futures; and our cultural identity is valued.

SNAICC was formally established in 1981 and today represents a core membership of Aboriginal and Torres Strait Islander community-controlled organisations providing child and family welfare and early childhood education and care services.

SNAICC advocates for the rights and needs of Aboriginal and Torres Strait Islander children and families, and provides resources and training to support the capacity of communities and organisations working with our families.

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Introduction

Thank you for the opportunity to provide a submission to this Inquiry.

SNAICC – National Voice for our Children has developed a wealth of experience over decades on understanding the issues of our children, families and communities, and gathering both literature and experience based evidence on the needs of children and the strategies that work to improve their outcomes. SNAICC has strong relationships at community, state and national levels. We are active in supporting and advocating on behalf of Aboriginal and Torres Strait Islander early childhood education and care (ECEC) services, and bring the experiences of services throughout the country to this submission. No Australian child should have their future compromised by being denied access to quality education.

The Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2016 recognises that access to early childhood education and care is “one of the most effective early intervention strategies to break the cycle of poverty and intergenerational welfare dependence”. Yet in its current form the Bill will lead to a systemic failure of early childhood outcomes for a generation of Aboriginal and Torres Strait Islander children. There are approximately 300 Budget Based Funding Services, 38 Aboriginal Child and Family Centres and a number of other long day care centres that provide diverse, holistic, integrated community based early years services for Indigenous children and other children from remote and rural settings, in addition to a number of mainstream services. These are culturally strong centres that are developed and operated consistently with evidence on what works to support positive outcomes for Indigenous children experiencing vulnerability. We are deeply concerned about the unintended policy consequences of this Bill on their futures and the future of the children they support. Of great importance to us is also the 15,000 Aboriginal and Torres Strait Islander children who currently do not have access to an early learning service. This Bill must demonstrate how it will ensure service provision for these children.

We recognise that broad scale reform of the sector is a major endeavour and that an enormous amount of work has been invested in the development of the Jobs for Families Child Care Package. We also acknowledge that in the scheme of the broader suite of reforms our concerns are focused on an extremely small component of the package. However these components have the capacity to either cause great harm to Aboriginal and Torres Strait Islander children - or be one of the crucial drivers to closing the gap in Indigenous disadvantage.

We believe the Jobs for Families Child Care Package was not formed with the intention of further marginalising Aboriginal and Torres Strait Islander children, and seek to support the government in ensuring that the Bill can serve all Australian children.

SNAICC would be happy to provide any further information that would be helpful to the Committee. We enclose as Appendix 1 the SNAICC Submission to the Inquiry into the Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015

from February 2016, which incorporates a report by Deloitte Access Economics on the impact of the Bill on Indigenous communities.

Our concerns: the Jobs for Families Child Care Package leaves Aboriginal and Torres Strait Islander children behind

Currently, Aboriginal and Torres Strait Islander Children are twice as likely to be developmentally vulnerable early in life,¹ and only half as likely to access early education as non-Indigenous children.² The Productivity Commission has identified a 15,000 place gap in early learning places for Aboriginal and Torres Strait Islander children.³

The government has declared a commitment to increasing the participation of Aboriginal and Torres Strait Islander children's participation through the new child care system.⁴ Yet, all modelling presented to the government has shown the new system will cause a decrease in participation for our children, particularly those experiencing vulnerability, and that the services set up to serve their unique needs may face closure.⁵ The government has not provided any evidence or modelling to support their claims that the Bill accommodates for the unique early childhood education and care service delivery needs of Aboriginal and Torres Strait Islander children.

Given the extensive evidence on the importance of quality early learning for all children, and particularly for children experiencing vulnerability, the government has a clear responsibility to demonstrate that they are not widening the gap in disadvantage between Aboriginal and Torres Strait Islander children and non-Indigenous children by failing to providing adequate supports for Aboriginal and Torres Strait Islander children and the services that meet their unique needs.

There are two key elements of the Jobs for Families Child Care Package of significant concern:

- 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 which support over 19,000 children are for Indigenous children.
- 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'.

¹ Productivity Commission. 2014). Child Care and Early Childhood Learning. Productivity Commission Inquiry Report Volume 2.No. 73. Australian Government, p. 526

² Australian Government 2013). A Snapshot of Early Childhood Development in Australia 2012 – AEDI National Report. Re-issue November 2013. Australian Government, Canberra, p.13

³ Productivity Commission. 2014). Child Care and Early Childhood Learning. Productivity Commission Inquiry Report Volume 2.No. 73. Australian Government, p. 644.

⁴ Australian Government 2016). 'Minister Morrison: Better start for Indigenous children', media release, 19 August 2015, available: <http://www.indigenous.gov.au/news-and-media/announcements/minister-morrison-better-start-indigenous-children>.

⁵ Deloitte Access Economics and Secretariat of National Aboriginal and Islander Child Care. 2016). [Impact of aspects of the Jobs for Families Child Care Package on Indigenous Communities](#); and Phillips B 2016). Distributional Modelling of Proposed Childcare Reforms in Australia. ANU Centre for Social Research and Methods. Australian National University, Canberra.

The Package essentially fails to understand that Aboriginal and Torres Strait Islander ECEC services have a different purpose to other services. Their aim is to support the wellbeing of the most vulnerable children and families in our community by reducing the service access barriers that many Aboriginal and Torres Strait Islander families experience in the mainstream system.

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.⁶

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 (ACCS) – 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 (CCCF) of approximately \$100 million per year; and
- the Inclusion Support Fund of about \$135 million per year.

The CCCF is the central component that seeks to redress the disconnect between a mainstream user pay model and Indigenous 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, and will lead to a range of additional unintended policy consequences.

⁶ Deloitte Access Economics and Secretariat of National Aboriginal and Islander Child Care. 2016). Impact of aspects of the Jobs for Families Child Care Package on Indigenous Communities; and Phillips B 2016). Distributional Modelling of Proposed Childcare Reforms in Australia. ANU Centre for Social Research and Methods. Australian National University, Canberra.

Specifically:

- a) **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 Child Care Subsidy and allocated to an Aboriginal and Torres Strait Islander specific program. A specific program model should also be provided for other children in rural and remote settings.
- b) **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.
- c) **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. Long term, recurrent funding is essential for ongoing sustainability of these services.
- d) **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.
- e) **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.
- f) **The 15,000 place gap in ECEC participation for Aboriginal and Torres Strait Islander children identified by the Productivity Commission will increase.**
- g) **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.
- h) **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.

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.

Aboriginal and Torres Strait Islander ECEC services are driven by the dedication and commitment of community members who want a better future for their children. A case study of one of these services, Yappera Children's Service, is provided in the box below. All the evidence supports Aboriginal and Torres Strait Islander ECEC services as the most successful organisations in engaging successfully with Aboriginal and Torres Strait Islander children because:

- They actively access vulnerable children who are not accessing services – particularly due to the discrimination families experience in mainstream services.
- They engage with the most vulnerable and isolated families in our community and are a key entry point for vulnerable families to engage with a broad range of support services that can enhance the safety and wellbeing of children.
- They support parents who may be experiencing long-term or entrenched unemployment to access support in their transition into the workforce and provide an incentive to transition into the workforce. They often offer culturally safe options for training and a stepping stone into paid local work, some being among the larger employers in their communities.

Case Study: Yappera Multifunctional Aboriginal Children's Service (MACS), Melbourne

In case study conducted in 2012, 74 children, all Aboriginal and/or Torres Strait Islander, were enrolled at Yappera. 12 staff were Aboriginal, with one quarter new to the workforce or returning to the workforce.

Yappera runs a range of childcare programs, including: long day care; early start (family grouping); early start and preschool kindergartens; and two school holiday programs. The kindergarten programs have a pick up and drop off service, and 11 new families joined the service through outreach. Nutrition, physical activity, drama, science, cultural, traditional dance, and parenting/carer programs and workshops are also offered at no additional cost.

In 2012:

- 58 children participated in health checks, including audiology, optometry, paediatric assessments, dental, immunisations, and general health checks.
- Specialist health services were sourced for children, namely speech therapy, occupational therapy and cognitive/developmental support.
- Several children with additional needs, including language/speech delays, cognitive delays, social/emotional delays and Autism spectrum disorder, received additional support.
- 12 children were identified as requiring further assessment;
- 9 referrals were made for families to services including specialist children's services, counselling, family violence support, maternal care and health,
- 13 children had child protection involvement and 7 were in an out of home care placement.

Aboriginal and Torres Strait Islander culture underpins all program planning, delivery and learning at Yappera, in recognition that children learn best with a strong connection to culture and robust support network of family and community. Family are considered to be the primary educators of children and with 50% of staff being local Aboriginal community

members, a sense of trust between families and the service underpins its strong outcomes.

Every year, Yappera experiences significant budget gaps between received grants and projected expenditure.

In modelling conducted by Deloitte Access Economics in 2016, the unamended Jobs for Families Child Care Package would result in a 40% reduction in existing revenue for Yappera, resulting in a 25% decrease in participation.

SNAICC's recommendations for amending the Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2016

SNAICC recommends the following legislative amendments and policy commitments to ensure that Aboriginal and Torres Strait Islander children are not pushed deeper into an entrenched cycle of inter-generational disadvantage:

1. An amendment to the Bill to secure a recognition and commitment to the rights of Aboriginal and Torres Strait Islander children.

The Bill currently references Australia's obligations under the United Nations Convention on the Rights of the Child (CRC), specifically articles 2, 3, 18 or 23 of the Convention.

SNAICC proposes adding particular reference to articles 29 and 30 of the CRC, as well as reference to Australia's obligations under the United Nations Declaration on the Rights of Indigenous Peoples (DRIP), particularly articles 2, 8, 14, 19, 21, 22, and 23.

SNAICC makes specific reference to Article 14:

Indigenous peoples have the right to establish and control their educational systems and institutions providing education in their own languages, in a manner appropriate to their cultural methods of teaching and learning.

This could possibly be inserted under Schedule 1, Division 7 – Miscellaneous of the current Bill - 85GA 1) b) (ii-iii).

SNAICC also proposes that the following be included within the Minister's rules for implementation of the Bill: *The Commonwealth recognises the need for unique, flexible and tailored funding agreements with Aboriginal and Torres Strait Islander community controlled early childhood education and care services to accommodate for the increased vulnerability and access gap to early childhood education and care that Aboriginal and Torres Strait Islander children experience in comparison to non-Indigenous children.*

2. An Aboriginal and Torres Strait Islander specific program within the Child Care Safety Net and an attuned funding model for other rural and remote services.

The objective of the Aboriginal and Torres Strait Islander program would be 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 – see further recommendations under ‘Suggested savings measures’ below.

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.

This is a compromised position from the full 24 hours provided now, offered in the spirit of compromise as a part of a package of recommendations. This requires an amendment to the Bill to ensure that families on incomes less than \$100,000 per annum receive two full days (20 hours) of subsidised care per week. This could taper down between the current proposed \$65,700 and \$100,000 p.a.

This proposal would require specifically an amendment of Schedule 1, Clause 13 1) of the Bill to state that ‘The low income result is 48’ so that families on incomes less than the lower income threshold (\$100,000) per annum receive two full days (up to 20 hours) of subsidised care per week or an amendment reflecting the tapering component.

This removes unfair cuts in subsidy caused by the ‘cliff’ at \$65,710 which would mean children have to drop out of early learning or have a significant increase in their fees if their estimated income goes above \$65,710. It also retains workforce incentives for families with incomes over \$65,710 because subsidy for working families will be paid at a higher Child Care Subsidy (CCS) percentage as well as including additional CCS hours. It finally ensures families in the bottom two quintiles who do not meet the activity test are not worse off moving to CCS.

4. If recommendation 3 is unacceptable we propose that all Aboriginal and Torres Strait Islander children have access to a minimum of three days per week subsidised care, regardless of their parents or carers activities, reflecting the national Closing the Gap policy goals.

This base entitlement should be available to families eligible for Family Tax Benefit Part A.

5. 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.

The BBF program currently funds a number of diverse and unique services operating to service the needs of Aboriginal and Torres Strait Islander children. No alternative funding arrangements have been proposed for these services, and as it stands they will cease to exist leading to an increased service gap for vulnerable Aboriginal and Torres Strait Islander children – particularly children in remote areas.

6. 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.

The government has committed to improving the access gap for Aboriginal and Torres Strait Islander children with Minister Morrison stating in relation to the package that “the Government is committed to Indigenous children having the same opportunities as other children to access child care and early learning”.⁷

All evidence, however, points to the Bill having a contrary impact on Aboriginal and Torres Strait Islander children. To ensure that the Bill becomes a positive driver for change for Aboriginal and Torres Strait Islander children the government needs to commit to address the 15,000 place early learning gap, and establish a collaborative monitoring process on implementation of this commitment. SNAICC is committed to working collaboratively with the government to develop and implement effective strategies to achieve this target.

7. The Senate Committee require the Australian Government Department of Education and Training disclose full information provided under the tenders detailed below.

The Government is currently undertaking a process to assess the capacity of each Budget Based Funding service to transfer to the Jobs for Families Child Care Package and the supports that they would require during the transition. This information is fundamental for Senators to have before them in consideration of whether or not to pass this Bill and what amendments may be required to ensure that the package serves the needs of our most vulnerable.

Relevant tenders are:

- Support for Child Care Grant Funding Recipients (CN3341068)
- Intensive support for Child Care funding rec (CN3341067)
- Support for BBF Mobile Children's Services (CN3341077; CN3341063; CN3341064; CN3341060; CN3341061; CN3341062; CN3341059)

Identified savings measures required to implement recommended amendments

There are a series of cost savings that could be made to redress any increased costs through these recommendations. The sector has been working on identifying some potential measures that range from reducing the income threshold for the cap from \$185,000 to reallocating underspends from the Nanny Pilot and redirecting some of the \$1.1 billion of budget savings the Government will achieve in 2017-18 from the delay in the commencement of the Child care Subsidy. The sector can provide further details of these should they be of interest.

⁷ Australian Government media release: ‘Minister Morrison: Better start for Indigenous children’, 19 August 2015, available: <http://www.indigenous.gov.au/news-and-media/announcements/minister-morrison-better-start-indigenous-children>

Conclusion

SNAICC urges the Senate Education and Employment Committee to consider the needs of Aboriginal and Torres Strait Islander children and implement the minor changes required to ensure their safety and wellbeing is not compromised.

It is the responsibility of the Government to **not widen** the extreme gap in disadvantage Aboriginal and Torres Strait Islander children currently experience. 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.