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Anglicare Australia submission to:

**Family Assistance Legislation Amendment (Jobs
for Families Child Care Package) Bill 2015**

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Anglicare Australia

Anglicare Australia is a network of over 40 independent local, state, national and international organisations that are linked to the Anglican Church and are joined by values of service, innovation, leadership and the Christian faith that every individual has intrinsic value. Our services are delivered to one in 40 Australians, in partnership with them, the communities in which they live, and other like-minded organisations in those areas. In all, over 12,000 staff and almost 7,800 volunteers work with over 930,000 vulnerable Australians every year delivering diverse services, in every region of Australia.

Anglicare Australia has as its Mission “to engage with all Australians to create communities of resilience, hope and justice”. Our first strategic goal charges us with reaching this by “influencing social and economic policy across Australia...informed by research and the practical experience of the Anglicare Australia network”.

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Introduction

Anglicare Australia welcomes the opportunity to provide feedback on the provisions of the proposed Jobs for Families Child Care Package. This submission is informed by the practical advice and experience of the Anglicare network. Around the country, our members provide child care, early learning, family support programs, and employment support to families that will be affected by the new arrangements contained within the package.

Anglicare Australia welcomes the significant investment into child care that the Jobs for Families package represents. The subsidisation of child care has two clear objectives: addressing barriers to workforce participation experienced by parents; and ensuring adequate access to early childhood education. The package will continue to provide access to child care for many working families.

However, measures contained within the Jobs for Families Child Care Package may not adequately achieve these dual purposes for low-income families, single parents, people who are long-term unemployed or underemployed, and families experiencing social and economic disadvantage.

Of particular concern is the potential for the activity test contained within the package to have a disproportionately negative impact on vulnerable and disadvantaged families. If these families fail to meet the activity test, their access to child care is (at best) reduced from 48 hours per fortnight to 24 hours per fortnight or (at worst) completely removed.

The government has emphasised that child care subsidies are not intended to be a welfare payment, however, it is Anglicare Australia's view the provision of child care subsidies to low income families should continue to be seen as a vital part of Australia's social safety net. Given that early childhood services and care are particularly beneficial for children from disadvantaged backgrounds, we need a social safety net to maintain their access to child care as well as ensuring the hours of child care are sufficient to meet the educational and developmental needs of children. While the Jobs for Families Child Care Package seems to meet the needs of many middle income families, it is Anglicare Australia's view that the package risks penalising many of the marginalised families that our member agencies work with.

Implications for parents

In the Minister's second reading speech, the Minister makes it clear that the Jobs for Families Child Care Package is intended to "encourage more families, including jobless families, to increase their involvement in paid employment."¹

While the measures contained within the package may meet the needs of families without pre-existing vulnerabilities who wish to increase the hours of parental work, the proposed measures are unlikely to increase the workforce participation of disadvantaged jobseekers.

It is unlikely the measures contained within the package will incentivise work for vulnerable families who are on low incomes, no income, or engaged in insecure work. The accessibility of child care is a

¹ Commonwealth, *Parliamentary Debates*, House of Representatives, 2 December 2015 (Luke Hartsuyker, Minister for Vocational Education and Skills)

significant barrier for groups (such as single parents, early school leavers, people with disabilities, older people, Aboriginal and Torres Strait Islanders, and people from culturally and linguistically diverse backgrounds) who are consistently excluded from stable and ongoing employment. In addition, many vulnerable and marginalised families access child care for respite, and to give parents the ability to engage in psycho-social support, as well as providing vital early childhood education to their children.

For these families, removing access to 24 hours of subsidised child care each week regardless of parental workforce participation (as provided under the current Child Care Benefit) risks penalising the very people to whom access to child care gives the most benefit. While the proposed Additional Child Care Subsidy provides 24 hours of child care per fortnight (equivalent to two six-hour sessions each week) for some families with an income of less than \$65,710, this significantly reduced access is unlikely to provide enough access to child care for the needs of parents and children alike.

Feedback from our members indicates that a six-hour session of child care is unlikely to be sufficient, given that it does not cover a standard business day, nor does it take into account parental travel time to and from work. This makes it particularly difficult for low income families who are engaged in very casual work, who may earn slightly more than \$65,710 but not meet the activity test, thereby removing their access to child care under the Jobs for Families Child Care Package. In this scenario, it is highly unlikely that families in this position will enrol their children in child care, as they are simply unable to afford non-subsidised placements.

The activity test, which is a key component of the package, risks arbitrarily removing support from families. Where the goal is workforce participation, Anglicare Australia does not support mandatory activity as the way to enforce employment, education or training. Rather, employment pathways must be responsive to an individual, rather than forced upon them, and recognise the goals and ambitions of the jobseeker, as well as addressing the barriers and challenges they face.² A punitive approach, whereby participation is mandatory and non-participation results in sanctions and penalties, assumes that unemployment or underemployment is a choice and that education and training is an option for all.

If an activity test is to remain a central tenet of the Jobs for Families Child Care Package, Anglicare Australia recommends there should be a base level of access for all families (such as a baseline of 15 hours per week, as proposed by Early Childhood Australia), and that the activity test be used to assess access to further child care.

Anglicare Australia also suggests that accessing training and support to build work readiness (but outside formal training and education) should be counted as activity under the activity test. This would recognise the importance of life skills as a key component of work readiness. Examples of capacity building psycho-social support include depression management, dealing with difficult emotions, communication skills, positive parenting, fitness programs, sex education and relationships, cooking and nutrition, completing tax forms, budgeting skills, computing skills,

² Anglicare Australia commissioned research by Flinders University to identify which interventions most positively contribute to work participation and building work readiness in disadvantaged job seekers. For more information, see Goodwin-Smith & Hutchinson, 2014, *Beyond Supply and Demand: Addressing the Complexities of Workforce Exclusion in Australia*

motivational skill, interpersonal skills and financial counselling.³ This type of training and support acknowledges that all aspects of life can impact on a person's ability to gain and sustain employment and financially independent of welfare support.

Anglicare Australia also recommends that engaging in psycho-social support (e.g. case work, drug and alcohol, mental health etc.) should be deemed activity under the activity test. Support that builds parents' skills, knowledge, networks and resilience in turn reduces the risk of disadvantage and harm experienced by children. Access to child care alongside parental psycho-social support removes a significant barrier to engaging with the support offered, and provides care and education to children who may be at risk.

For example, our members report that parents who are seeking support for drug and alcohol addiction often need to access between two and five days of child care each week. This level of child care allows parents to engage in drug and alcohol counselling, group work, relapse prevention and health appointments. The child care ensures that children's base needs are cared for on a daily basis, and allows for child care centre staff to build a trusting relationship with parents. This in turn creates an environment of positive role modelling where parents can seek parenting support (e.g. if struggling with sleep time, meals etc.) from child care centre staff.

It is well documented the path to steady employment for disadvantaged job seekers is not a linear one. Full time employment, part time employment, temporary jobs, casual and insecure work, unemployment and underemployment may all be part of a family's journey, and parents may cycle in and out of employment. The fortnightly calculation of the activity test and means test will mean that parents engaged in casual employment with variable hours, or parents who experience a significant fluctuation in their work hours or take home pay, will quickly see a reduction in the number of hours of subsidised care.

In order to ensure consistency of access to early childhood education, Anglicare Australia recommends that the Jobs for Families package be amended to include a transition mechanism to prevent the abrupt cessation of child care, particularly for lower income families. If parental work hours or income suddenly increases, children should maintain their placements for a transitional period. It is also prudent that a transitional mechanism exists to ensure that families do not accrue unacceptable amounts of debt if work hours or income suddenly increases.

To illustrate how access to child care is an essential component of the support offered by community services to vulnerable and disadvantaged families, Anglicare ACT's Franklin Early Childhood School has provided the following case study. The case study reflects a real family's experience; however the names have been changed.

³ Goodwin-Smith & Hutchinson, 2014, *Beyond Supply and Demand: Addressing the Complexities of Workforce Exclusion in Australia*. See also Anglicare Australia, 2015, *State of the Family Report 2015: Who is Being Left Behind*

Case study – Samantha and Ethan

Samantha and her two-year-old son Ethan commenced at Anglicare’s Franklin Early Childhood School in March 2013. When Samantha and Ethan approach Anglicare, both were suffering from severe emotional trauma as a result of domestic violence, and Ethan presented extreme behavioural challenges.

Samantha was seeking drug and alcohol support, and working with a social worker. Samantha also attended court ordered medical appointments. The child care placement at Franklin Early Childhood School meant that Ethan did not have to spend hours in waiting rooms around Samantha’s appointments.

When Ethan first started at Franklin Early Childhood School, Samantha would not make eye contact with the staff. However, over time the team built a relationship with Samantha. This provided an opportunity to role model parenting skills. Samantha asked for help to get Ethan going to bed at a reasonable time.

Samantha periodically engaged in study and work, although it took a number of attempts before she found study options and work opportunities that suited her. Samantha is now working consistently in hospitality. Ethan is now going to kindergarten.

In Samantha and Ethan’s situation, child care played a key role in ensuring that Ethan’s basic needs were provided for and that Samantha was able to engage in psycho-social support and study. A family such as Samantha and Ethan may not have access to adequate child care under the measures proposed under the Jobs for Families Child Care Package.

Implications for children

Child care subsidies are not just about parental workforce participation. Subsidies are equally about ensuring that all children have access to early childhood education. Access to high quality education is the foundation of an equitable society, alongside guaranteed and adequate income, access to safe and secure housing, and health care.

What children learn and experience in their early years functions as the building blocks for their development. There is a strong link between early childhood education and educational attainment through school, which in turn acts as a significant protective factor to ensure social and economic participation. Conversely, poor educational engagement and outcomes are linked with poor health, poverty, unemployment and social exclusion.

Anglicare Australia is concerned the measures contained within the Jobs for Families package will reduce access to early education and care for young people who are at risk of unsatisfactory educational outcomes. There is significant evidence that interventions before the age of eight can “limit the impact of damaging environmental factors on childhood development, and close the gap between those children that are advantaged, and those experiencing disadvantage and risk factors such as abuse and neglect.”⁴ As discussed above, Anglicare Australia is concerned the most

⁴ KPMG, 2014, *Early Childhood Intervention – An Overview of Best Practice*

vulnerable families (and the children who are most likely to benefit from the education and support offered through child care) are at risk of having their access to child care significantly reduced or removed altogether.

Anglicare Australia is particularly concerned by the reduction of hours of child care offered within the Jobs for Families Child Care Package. Under the current scheme, all families have access to 48 hours per fortnight regardless of parental activity; however, under the proposed scheme low income families who fail to meet the activity test will only have access to 24 hours of child care per fortnight. We do not support this regressive step, which will have a disproportionately negative impact on the children of vulnerable and marginalised families.

In order to unlock the developmental and behavioural benefits of early childhood education, children need sufficient access to child care. Anglicare Australia strongly believes that 12 hours of child care per week is simply not sufficient. Anglicare Australia is supportive of Early Childhood Australia's recommendation that 15 hours of child care per week should be the minimum for all children, with vulnerable children having access to a minimum of 24 hours of child care per week.

To illustrate the importance of access to child care for low income families who may not meet the activity test, Southern Cross Early Childhood School has provided the following case study. The case study reflects a real family's experience; however the names have been changed.

Case study – Oliver

Oliver's parents are from overseas, having moved to Australia 13 years ago. Oliver's father is working, but Oliver's mother is not.

Oliver has autism, but Oliver's family is not eligible for support under the NDIS. In order to get the support that Oliver's family needs, Oliver accesses child care two days a week through the existing Child Care Benefit and support through Therapy ACT.

If Oliver's family had to pay the full hourly rate to access the respite and support that child care offers, they would not be able to afford the child care placement. This would likely mean that Oliver and his family would miss out on vital practical and emotional support.

For families like Oliver's, child care should not be tied to activity. Subsidised child care provides a significant opportunity to ensure that children's basic needs, development and education are supported.

Another area of concern for Anglicare Australia is the possibility that children in low income families may miss out on child care placements in favour of children who can enrol full time. As an unintended consequence of the scheme, agencies may prioritise families who have access to 100 hours of subsidy, thereby making it harder for part time enrolments. Anglicare Australia is concerned this would have a disproportionate impact on low income families, who have less means to be able to top up child care from their own earnings.

Conclusion

Anglicare Australia commends the government for seeking ways to ensure that child care is affordable, accessible and flexible for families, and that child care is available to facilitate parental workforce participation and early childhood education. However, we do not believe this package is simpler or fairer than the current system.

We do not agree that activity tests are linked to good outcomes for parents or children. As the Jobs for Families Child Care Package stands, Anglicare Australia is concerned the families who are most in need of support will be the ones who miss out on subsidised child care. Unexpected increases or decreases in parental income may result in a loss of the child care subsidy, which ignores the fact that often the best protective factor that can be offered to a vulnerable child is to maintain engagement and support. This undermines the potential for child care to support parents' workforce participation, and the educational and developmental needs of children.

Anglicare Australia believes the needs of children need to be more actively placed in the centre of the package. There is disappointingly little education and care terminology throughout the bill. While the explanatory memorandum indicates the package adequately discharges the duty to consider what is in the child's best interest as a primary consideration, Anglicare Australia is of the view this package fails to adequately consider what is in the best interest of children.

In the context of vulnerable and at risk families, if our social safety net is unable to ensure access to child care for low income and low activity families, then the government is not discharging its duty to consider what is in the best interest of children.