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21 October 2022

Committee Secretary
Senate Standing Committee on Education and Employment
Via email: eec.sen@aph.gov.au

Dear Committee members,

Anglicare Australia welcomes the opportunity to provide brief feedback to the Senate Standing Committee on Education and Employment regarding the *Family Assistance Legislation Amendment (Cheaper Child Care) Bill* 2022.

Access to high-quality, affordable early learning increases workforce participation. It also acts as a protective factor against developmental vulnerability for children, a safeguard against abuse and improves school readiness and learning outcomes. Improved child development in the early years is positively associated with higher employment and reduced crime in adulthood.[i]

Anglicare Australia applauds the Government for making early learning more affordable for families. Under the new rules families earning up to $80,000 will now be eligible for a 90 percent subsidy for the costs of childcare.

The measures in the Cheaper Child Care Bill that improve access for First Nations children are especially important. Under the new amendment, all First Nations children will be eligible for 36 hours of subsidised care every fortnight, regardless of whether their parents meet the activity test or not. This will help First Nations children experiencing development vulnerability and contribute to closing the gap in outcomes between First Nations and non-First Nations children.

Yet the activity test continues to apply to other children from low-income households or who are developmentally vulnerable. The activity test links the hours of subsidised care to work, volunteering or study of the parent with the least hours of work. Access to subsidised care is therefore reduced to one day per week for families where one parent, usually a woman, is not working. This policy exacerbates inequality, by leaving vulnerable and low-income children, who are most likely to benefit from early learning, without access to it.[ii]

As well as its impact on children, the activity test acts as a barrier to employment for families facing unemployment or job insecurity. It is well documented that the path to steady employment for disadvantaged job seekers in not a linear one.[iii] 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. Under the current activity test, parents engaged in casual employment with

variable hours can see their hours of subsidised care cut, making it difficult to secure more shifts or increase hours.

The activity test can also be a barrier to parents getting the support they need to address health or wellbeing issues that could be preventing them from securing or maintaining employment. 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 childcare each week. This level of care allows parents to engage in drug and alcohol counselling, group work, relapse prevention and health appointments.

Anglicare Australia recommends the bottom two steps of the activity test should be removed, guaranteeing three days of subsidised early learning and care for every family, including where the parent with the least hours of work is engaged in fewer than 16 hours of recognised activity.

Anglicare Australia looks forward to working with the Government to strengthen the early learning system and improve outcomes for Australian children. We would welcome the opportunity to further discuss anything raised in this submission. Please do not hesitate to contact us on anglicare@anglicare.asn.au.

Yours sincerely,

Kasy Chambers
Executive Director

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[i] G, Kalb., I. Lass, and A, Zhu. (2018) Who is left behind under the new childcare subsidy?
[ii] Australian Institute of Health and Welfare (2022) Australia's Children.
[iii] OECD (2013) Tackling long-term unemployment amongst vulnerable groups.