

# Goodstart Early Learning

Response to Regulation Impact Statement  
Child Care Assistance Package

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31 July 2015

**goodstart  
early  
learning**

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## Executive Summary

Goodstart Early Learning is the nation's largest and only national provider of early learning and care, with more than 640 centres and 13,000 staff providing quality early learning to around 71,000 children.

Since forming five years ago, Goodstart has been advocating for additional investment to support children's learning and development through access to high-quality affordable early learning and care. We know that this is an important public policy objective because it boosts children's performance at school and throughout life, and is a critical lever for reducing disadvantage. Additionally, decisions by parents to return to work are based on the availability and affordability of quality early learning and care.

We publically welcomed the Australian Government's \$4.4B Child Care Reform Package announced in May this year and we commend the Government for the significant improvements made to the Productivity Commission model, in particular for providing a Child Care Safety Net for children with family incomes below \$65,000 and improving the proposed activity test and benchmark fee.

Getting the policy settings right for the early learning and care sector offers a significant opportunity to improve our national human capital potential well into the future and we are pleased to participate in the Regulation Impact Statement consultation process.

We are keen to work with Government to ensure that the reforms are a success and to ensure they benefit as many children and families as possible. Within the context of the announced Government policy settings, we have carefully considered the options in the RIS and what the likely impacts will be on children, families, services and the community more broadly. We also surveyed nearly 900 Goodstart families.

This submission includes specific details about the scenarios where children and families could fall through the cracks and we urge the Government to adopt our proposed recommendations particularly in relation to the activity test, exemptions and transitional arrangements within the subsidy. We also look forward to further discussions with Government about the Child Care Safety Net, the Community Child Care Fund, and the Inclusion Support Program to ensure these programs are implemented in a way that maximises Government investment to improve children's outcomes.

The key points in this submission are outlined below with comprehensive responses to the RIS options and questions are outlined in the body of this submission.

### 1. Family Eligibility – Activity Test

Goodstart supports **Option 1.1 with some additions** because it meets Government objectives and provides the most participation opportunities for families. (Full list of recommendations: page 4-7).

#### Family Eligibility – Exemptions

Goodstart supports maintaining all existing exemptions with additional exemptions for preschool delivered in a long day care setting, transitional arrangements, illness or medical conditions, humanitarian entrants, exceptional circumstances as recommended by the Productivity Commission and grandparent and kinship carers. (Full list of recommendations: page 8-11).

### 2. Family Eligibility – Allowable Absences

Goodstart strongly supports **Option 2.1** to maintain 42 allowable absences irrespective of usage with the capacity to extend because is the most simple and effective option to meet the policy objectives and the proposed alternatives will create unnecessary complexity for relatively limited benefit.

### 3. Service Eligibility – Approval Process

Goodstart supports **Options 3.2 and 3.3** in principle. We support moves to streamline application processes for existing approved providers providing there is a genuine streamlining of processes.

### 4. Service Eligibility – Suitability to Operate a Service

Goodstart supports **Option 4.3** to strengthen eligibility requirements. We believe this option strikes the right balance between strengthening eligibility requirements without creating unnecessary regulatory burden, provided the requirements are implemented judiciously.

## **5. Service Eligibility – Operating Requirements**

Goodstart supports **Option 5.2 and 5.3** on the condition that all services come within the scope of the National Quality Framework and meet comparable quality standards.

## **6. Service Eligibility – Priority of Access (POA)**

Goodstart supports **Option 6.1**. This approach clearly articulates in Government policy that vulnerable children are a priority for access to early learning and care. Services should have the flexibility to apply the guidelines in ways that meet the needs of families.

## **7. Child Care Safety Net**

Goodstart supports the policy objectives and components of the Child Care Safety Net, however we have concerns about how the programs will be implemented. It is important to remember that the ultimate priority for this component of the reforms is continuity of access for children and supporting their learning and development. In keeping with children's best interests, we recommend at least maintaining existing eligibility and entitlements and using targeted compliance activities to ensure the subsidy is not being used inappropriately. Transitional arrangements will also be particularly important for this group of families and children. (For further recommendations please see pages 19-22).

Goodstart recommends that a working group is established to progress the development of this policy, particularly for Children at Risk of Abuse or Neglect.

## **8. Community Child Care Fund**

Goodstart supports the basic principles and policy objectives that underpin the elements of the fund.

Goodstart does not support the proposed administration system for Element 4 – Access and affordability support. The proposed grant program is unnecessarily complex, will be costly to administer and will not ensure that the families that are most in need of support will receive it. Goodstart recommends that this 'top-up' subsidy in high fee markets is delivered through the mainstream subsidy system to a list of pre-approved efficient Long Day Care services.

## **9. Inclusion Support Program**

Goodstart supports moves to reduce the administrative burden associated with the Inclusion Support Program. The new program must ensure children can access support for all the hours that they attend an early learning service.

## **10. IT System**

There are opportunities to improve the IT systems. However the RIS does not provide sufficient detail of possible processes, options or costs. The IT system must also be underpinned by policy to support families that transition within the subsidy. Goodstart recommends that an additional consultation mechanism is established to progress the development of the new IT system.

## **11. Other matters – Transitional Arrangements**

Goodstart is concerned that the RIS does not provide options or discussion about how the announced policy will be applied when families move between steps of activity, types of activity, mainstream and additional child care subsidy or when families have changes in income. It is also unclear who will bear the risk in these situations. The design of the new subsidy means there are 'cliffs' within the system and there is a high risk of negative unintended consequences including: an abrupt cut in children's early learning subsidy, new disincentives to work, a risk of families incurring significant debts and sporadic attendance by vulnerable children.

As these matters are not covered in the RIS, this submission makes a series of recommendations about what we consider to be necessary transitional arrangements. We feel further consultation with families and the sector about these issues is necessary.

We look forward to continuing to work with the Government and the Australian Parliament to implement these reforms and improve outcomes for children and families.

# Detailed Response to the Regulation Impact Statement

## Background

Goodstart welcomes the opportunity to participate in the consultation on the Regulation Impact Statement on the Child Care Assistance Package. This submission addresses the key consultation questions in the RIS and also notes other issues that we would like to discuss further with the Government.

Goodstart would be pleased to have a further discussions with the Government in particular in relation to:

- Transitional arrangements within the subsidy
- Ensuring the subsidy facilitates universal access to affordable preschool programs
- The components of the Child Care Safety Net, in particular for Children at Risk
- The components of the Community Child Care fund
- The Inclusion Support Program.

*A note about definitions in this submission:*

- *the term vulnerable children refers to all children that experience developmental vulnerabilities and disadvantage. It includes (but is not limited to) children from low income families, children with disability, children at risk of abuse or neglect, Aboriginal and Torres Strait Islander children and children that are humanitarian entrants or refugees.*
- *the term child at risk refers exclusively to children that are at risk of abuse or neglect*
- *the term preschool refers to preschool and kindergarten programs that meet Universal Access requirements and are delivered in the year before formal schooling.*

## Family eligibility for the Child Care Subsidy

The RIS notes that family eligibility for the Child Care Subsidy supports a number of Government policy objectives, including:

- supporting workforce participation
- supporting children's learning and development needs
- targeting child care fee assistance to those who need it the most including disadvantaged and vulnerable families and children.

Goodstart supports the stated policy objectives and believes family eligibility should provide as many opportunities as possible to meet these objectives.

### Types of Activity

We support **Option 1.1** with some specific additions because it is the simplest, most efficient approach and provides the most participation opportunities for families. Specific recommendations against the options in the RIS, plus additional recommendations are outlined below.

### **Volunteering**

- The existing broad definition of volunteering (**Option 1.1**) should be adopted for the new subsidy rather than the definition and process used for income support recipients. This broader definition is preferred because it better meets the policy objectives for the subsidy by:
  - better matching the types of activities parents of young children are likely to be participating in as a stepping stone to later workforce participation
  - providing greater flexibility for parents to meet their activity requirements if sufficient work hours are not available or not offered (eg for casual workers)

- ensuring an efficient use of Government and the Volunteer sector resources by targeting specific work related volunteering opportunities to those jobseekers who genuinely need to improve their work skills.
- Volunteering has participation benefits for the economy and society, for individuals and communities. The estimated dollar value of contributions to the Australian economy made by formal Australian volunteers in 2010 was around \$25B<sup>1</sup>. Volunteering is also a recognised form of civic participation that creates 'bridging networks' which generate positive social practices that strengthen communities.<sup>2</sup> However, rates of volunteering are actually declining, recent ABS data shows 31% of Australians volunteers in 2014, compared to 36% in 2010. With wide ranging benefits for individuals, communities and the nation, Government should be using policy settings to encourage volunteering.
- Consequently, consistent with the Minister's statements at the time of announcement and comments made during Estimates, we believe all formal volunteering should be recognised.
- Hours of subsidy should be linked to hours of volunteering, plus travel time.

#### **Hours of subsidy linked to hours of activity**

- Hours of activity should match hours of subsidy. We do not support Option 1.2 which puts limits on the number of hours of subsidy for some types of activity.

#### **Time limits on some activities**

- In general, we do not support time limits on some types of activity. In order to keep the system as simple as possible, we do not support Option 1.3.
- It is also not clear from the RIS how time limits would apply when parents engage in a mix of activities, which may be likely for parents engaged in casual work, FIFO or contract workers that have seasonal breaks like teachers.
- We acknowledge that in terms of the 'looking for work and not in receipt of income support' or 'setting up a business' a review process at six months may be appropriate, with hours of subsidy for the first six months linked to hours of activity.
- We do not support a time limit on volunteering activities.

#### **Unpaid leave**

- We note the RIS does not recognise forms of unpaid leave other than unpaid parental leave.
- All forms of unpaid leave, including unpaid sick leave and unpaid carers leave, should be recognised with the hours of subsidy linked to hours of activity before the leave was taken.

#### **Unpaid parental leave**

- We note the RIS appears to propose removing the existing 12 month time limit on unpaid parental leave and we support this change.
- There are shortages of child care places for children under the age of two in most markets. We strongly support the removal of the time limit for unpaid parental leave so parents of infants can maintain their older children's participation in early learning, particularly if they are unable to access a nursery place.

#### **Unpaid work in a family business**

- We support the inclusion of this new category of activity.

#### **Setting up a business**

- We support the inclusion of this new category of activity.

#### **Training or studying to improve work skills**

- All training or study to improve work skills should be a recognised activity.
- We do not support imposing restrictions on attending the same level of course and we believe this could have serious unintended consequences for many parents looking to improve their qualifications and their employment prospects.

<sup>1</sup> O'Dwyer, L, *The Real Value of Volunteering*, The University of Adelaide, 2013

<sup>2</sup> Victorian Government, *Indicators of Community Strength in Victoria: Framework and Evidence*, Department of Planning and Community Development, 2011

- The activity test and type of course should not create barriers to participation for parents that are looking to improve their employment prospects, for example:
  - When low income or low skilled workers are changing careers, or looking to enter the workforce they often need to commence with basic qualifications in order to eventually find work (eg Cert II in foundation skills, followed by a Cert II in hairdressing, followed by a Diploma in hairdressing).
  - The limits proposed may also prevent parents from changing courses at the same level (eg a single parent who commences a bachelor of arts and then upgrades to a bachelor of education).
- Options to ensure this provision is not abused could include:
  - A rule that parents can undertake no more than three of the same level course, with exceptions subject to case-by-case application
  - That parents undertaking the same level course need to provide evidence that the courses are part of a pathway to employment
  - In all scenarios, any restrictions that are adopted must allow for a case-by-case review mechanism.
- In principle, we believe that for the purposes of allocating child care subsidy, hours of activity should include adequate study time, not only contact time. This is particularly important as many modern courses have a significant online component which needs to be completed in the person's own time at home.

#### **Looking for work and not in receipt of income support**

- We support looking for work being an approved activity and also support the hours of activity being linked to the hours of subsidy (Option 1.1). If a parent is looking for work full time, they should retain access to 50 hours of subsidy.
- We also note that children in families experiencing long-term unemployment (even where just one parent is unemployed) are at risk of being developmentally vulnerable. Continuing access to early learning is an important investment to make for children's well-being.
- We note that the RIS and consultations have not clarified exactly what is envisaged in being "*registered with a job agency*" (Option 1.3). We understand that the intention is that all non-income support recipients looking for work must register as a "*Volunteer job seeker*" with their local *jobactive* provider. We have investigated this process and believe this would be unnecessarily burdensome for families and also for Australian Government employment agencies (*jobactive* providers). The core business of *jobactive* services is to help job seekers move from welfare to work, not to help non-income support recipients to find work.
  - For example, career professionals like public servants, accountants, engineers etc that lose their jobs would be unlikely to need the basic assistance with resumes that a *jobactive* service provides. The evidence shows that these people are most likely to find a new job themselves, without any Government assistance, within six months. We believe making it mandatory that these parents must sign up to a *jobactive* provider would be wasteful – both in terms of the parent's time and Government resources.
- Options to ensure that the provision of looking for work as a recognised activity is not abused could include:
  - A six month time limit for hours of subsidy matched to the hours of activity, with an obligation to keep evidence of job search activities. Evidence would include things such as: copies of job applications, copies of specific job advertisements, registering with recruitment agencies and employment services, records of interviews, meetings or businesses visited. Parents may also *elect* to register voluntarily with a *jobactive* service (noting there is a six month time limit on support provided by *jobactive* providers).
  - After six months parents would be entitled to 18 hours per week if they are not undertaking other approved activity with the capacity for review on a case-by-case basis in exceptional circumstances.

### **Caring for an adult or a child with disability and in receipt of Carer Payment or Carer Allowance**

- We do not support changing the definition so Carers must be caring for an adult or ‘another’ child with a disability. Our interpretation of this change is that, a parent caring for one child with a disability and in receipt of Carer Payment would not have access to any child care subsidy for that child. This would effectively prevent that child with a disability from having the opportunity to access early learning.
- The PC and others have recognised that children with disability are vulnerable and are currently under-represented in early learning and stand to benefit the most from early intervention. Parents of children with disability are often very reluctant to leave their children in early learning environments and we do not think it is reasonable to expect them to be undertaking other forms of approved activity before they can access child care subsidy.
- We recommend that families with a child with a disability and in receipt of Carer Payment or Carer Allowance should be eligible for at least 18 hours of subsidy per week. This would be broadly adequate to access two doses of early learning, the minimum required for optimal learning and development outcomes.

### **Caring for an adult family member and not in receipt of Carer Payment or Carer Allowance**

- Caring for a family member while not in receipt of a Carer Payment or Carer Allowance should also be a recognised activity. An example of this could be a mother who has reduced her casual working hours, or a contracted school teacher working over the summer holidays to provide additional daily care and attention to a family member with a medical condition that is likely to recover within six months.
- If Government feels that advice from a GP is not adequate evidence for a six month period, then a simplified version of the Carer Allowance application process should be established.
- In this case the priority is to ensure that there is a mechanism for parents to have this activity recognised, particularly those usually engaged in casual or contract work, study or volunteering.

### **Travel time**

- All hours of activity should include ‘reasonable travel time’ including consideration of access to public transport, peak hour travel times and the child care / school drop-offs where appropriate. Families that have multiple children at different services will have increased travel time and this should also be recognised.

### ***Responses to consultation questions***

#### ***What, if any, additional activities should be included as a ‘recognised activity’?***

- As noted above, all types of volunteering should be a recognised activity as all volunteering is making a contribution to the community and would eventually support someone finding employment.
  - For example, volunteering at the local Meals on Wheels, local neighbourhood centre or at a sports club may not be specifically focused on a parent’s employment skills (particularly if they are already have a qualification) but these activities should still be recognised. Volunteering of almost any kind expands people’s skills and makes them more employable by adding tangible value to a resume or CV. It also helps break the cycle of disconnection with the community that plagues long term unemployment and isolated mothers of young children.
  - It should be noted that a parent is volunteering with a child in subsidised childcare will still need to pay for the out-of-pocket costs of childcare. This highlights that a parent would only engage in volunteering if it was very important to them (in terms of building skills or giving back to the community) or, in cases where paid employment is not available, they see it as an effective way to ensure that their child gets access to affordable early learning.
- Caring for any child and in receipt of Carer Payment or Carer Allowance should meet the activity test.
- All types of unpaid leave should be recognised activity, including unpaid sick leave and unpaid carers leave.

- Parents caring part-time for family member while not in receipt of a Carer Payment or Carer Allowance should also be a recognised activity.

***What evidence of activity should families have to provide if asked, particularly for voluntary work?***

- The objective should be to keep it as simple as possible. A simple letter or form from the organisation or diary notes should be sufficient.

***How should short-term unpaid work experience in a business be treated?***

- This should be a recognised activity as it will prepare a parent for work and may lead to further employment opportunities. Parents would not be able to accept the opportunity if they do not have access to affordable child care.

***Should volunteering at a school be included in the activity list? If so, how should it be defined and what evidence should families have to provide if asked?***

- Yes, volunteering at a school should be included in the activity list.
- The definition should be broad as any type of volunteering at a school has value.
- The evidence should be kept as simple as possible, for example, a letter or standard form completed by someone at the school.

***Is the restriction of time periods for access to subsidised child care for those who are looking for work, in voluntary work or setting up a business appropriate? If not, how long should this be?***

- In general, we do not support time limits and particularly do not support time limits for volunteering.

***Other comments?***

- It is critical that transitional arrangements within the subsidy are developed to provide some kind of exemption or grace period when family circumstances change or when they change frequently (activity or income). See other specific suggestions in the following section.
- Goodstart is also keen to confirm that, consistent with current processes, balancing child care payments will remain a matter that is settled between the Australian Government and families.

**Exemptions to the activity test**

Goodstart supports retaining all existing exemptions and applying the existing maximum entitlement (100 hours per fortnight). Goodstart also recommends that following additional exemptions be included:

**Illness or medical condition that prevents an individual or their partner from working**

- These families should be exempt from the activity test and provided with 100 hour of subsidy per fortnight.

**Parents of preschool aged children attending preschool in a LDC**

- Goodstart had understood that the PC's recommendation in relation to an exemption for preschool aged children would be adopted and we are very concerned that this is not discussed in the RIS.
- We note that the recent COAG Leaders Retreat Communique recognised that Governments need to go further in improving access to early learning. The Communique noted:

*“Despite considerable increases in resources in recent years, Australian students are falling behind their international counterparts. We must arrest this decline. Increasingly, childcare is the delivery mechanism for early childhood learning. Leaders committed to improving the transition from early childhood learning to school including consideration of an earlier start to school, greater equity in the application of childcare funding to learning for the year before school and improving the standard of teachers which is critical to delivering better educational outcomes.”<sup>3</sup>*

<sup>3</sup> <https://www.pm.gov.au/media/2015-07-23/australian-leaders-retreat-communique>



- Maintaining access to early learning and care subsidies for preschool aged children is vital to ensure all children have access to an affordable preschool program because:
  - The cost of preschool remains a barrier to access for many families and without child care subsidies the out-of-pocket expense for two days of preschool would increase by up to \$72 per week in 13/14 terms for families that do not meet the activity test.
  - ABS data shows around 43% of children attend preschool in long day care in the year before school<sup>4</sup>. In some communities access to a preschool program may only be available via a long day care.
    - In Queensland, 69% of children access preschool in long day care
    - In NSW, between 55% and 61%<sup>5</sup> of children access preschool in long day care
    - In Vic, 40% of children access preschool in long day care
    - In the ACT, 29% of children access preschool in long day care
    - In SA, 25% of children access preschool in long day care.
  - The ABS data also shows that most of the growth in preschool attendance that has contributed to all states eventually meeting the objective of 95% of children enrolled in a program for at least 15 hours a week has been in long day care, even in states such as Western Australia where the State is the primary provider of preschool. This achievement could be at risk if eligibility becomes more restricted.
  - Families who would not meet the activity test – single income and non-working families – are already those families least likely to send their children to preschool.
    - If neither parent is working 57% are not usually attending preschool program and if one parent is not working 18% are not usually attending a preschool program.
  - Lower income families are more sensitive to cost pressures:
    - Nearly a quarter of children from families earning less than \$1000 a week are not attending preschool, with 14% of families earning between \$1,000 and \$1,999 not attending and 10% of children from families earning more than \$2,000 per week not usually attending a preschool program.
  - The 2014 Review of the partnership showed that most jurisdictions failed to meet the NPA objective of 95% of vulnerable children being enrolled in the year before school, with the national average achieved of just 86%.
- We understand that there is an intention to consider preschool funding as part of the Federation White Paper Process. However, the Australian Government must ensure that children, particularly vulnerable children, do not have reduced access to preschool through increased fees.
- Parents of preschool aged children attending a recognised preschool in a LDC should be exempt from the activity test so their children can access a high quality preschool program. For simplicity, we recommend an exemption for the first step of the activity test, providing 18 hours of subsidy per week.
- This exemption would only be relevant for families that did not meet the activity test (including those receiving the <\$65,000 safety net), but is entirely necessary to ensure that all children can access an affordable preschool program. In terms of the adequacy of the subsidy, this proposal would still lead to higher out of pocket costs for some families, but Goodstart believes this is preferable to these families having no subsidy at all.

<sup>4</sup> ABS, Childhood Education and Care, Australia, June 2014

<sup>5</sup> This estimate is based on the supplementary data provided by the NSW Government in the 2015 *Review of the National Partnership Agreement on Universal Access to Early Childhood Education* (2014: pp 87-91) and the NSW Government's 2011 *Annual Report on the NPA* (pp 18-19) which note that preschool participation in long day care is understated in the ABS data, and that at least 61% of children were receiving preschool in long day care.

- To ensure an exemption of 18 hours subsidy was only provided to eligible children for preschool programs it should:
  - Be conditional on the child attending a preschool program that meets Universal Access requirements delivered by an Early Childhood Teacher in a Long Day Care centre
  - Be available in the year before the child attends school
  - Not be available for other forms of approved care (eg Family Day Care or Occasional Care)
  - Not be available for non-preschool programs in a LDC
  - Be provided for 18 hours per week (for simplicity to align with the rest of the system).
- We believe that IT systems would allow for these conditions to be imposed.

### **Blanket Exceptional Circumstances exemption**

- We support adopting the PC's recommendation of an 'Exceptional Circumstances Exemption' that specifically includes when a family has had a sudden change in employment circumstances that would impact the activity test. In these cases an exemption should apply for up to three months following this change in circumstance.
- This exemption would reduce the administrative burden on families, Government and providers and is likely to capture many circumstances where parents have a temporary reduction in activity, for example:
  - Fly-in-Fly out workers
  - School based teaching and administrative staff working on a contractual basis
  - One parent losing their job but finding work again within a couple of months
  - Seasonal workers such as book-keepers
  - Contract or casual staff working for organisations that have temporary 'shut down' periods, eg over Christmas or short breaks between jobs.
- This exemption would be applied automatically based on a parent's notification of a change in employment circumstances. If necessary, supporting evidence such as rosters could be required to be submitted to Centrelink.

### **Exceptional Circumstances - Child at Risk exemption**

- We support this definition specifically including an exemption for children who have been at risk (ie previously in receipt of the Additional Child Care Subsidy) but whose parents may not meet the activity test. This exemption should apply initially for 12 months and would be subject to an annual review, with the family receiving 100 hours per fortnight of their means tested Child Care Subsidy. Eligibility would be determined when the child was transitioned from the Additional Child Care Subsidy.

### **Casual / Part-Time workers exemption**

- Goodstart believes that some workers will need greater flexibility within the subsidy system because the conditions of their employment mean they may meet the activity test in some fortnights but not in others, and this is largely beyond their control. We note the following issues:
  - For casual workers in particular, it is not possible to accept casual shifts offered each morning without already having access to affordable child care.
  - Working on casual rosters is a well-recognised pathway to permanent part-time and permanent employment so casual work should be encouraged through the Child Care Subsidy. Access to a regular affordable child care place has obvious benefits for children in terms of the continuity of their learning and care but it also increases the parents' ability to pick up additional 'casual' days of child care if extra shifts are offered.

- Mothers of young children are disadvantaged in accessing casual rosters compared to other jobseekers - if they don't have access to at least two days per week of affordable child care - as most casual rosters in the services sector have a three day minimum availability (including one day on the weekend).
- Casual workers are usually low income workers who can least afford to pay for child care without subsidy. If a casual or part-time worker does not receive their expected number of hours in a given fortnight they experience a compounding negative financial impact: they don't earn any money because they haven't been offered work and they lose access to child care subsidy.
- Casual workers on casual rosters are the least able to negotiate flexible work arrangements. If they have to reject a shift because they don't have child care, they go to the bottom of the list the next time a shift is available.
- Under their employment conditions, many part-time workers may have their fortnightly hours significantly reduced unexpectedly in any given fortnight, with the total overall hours meeting a guaranteed minimum amount per month or per six week period.
- Casual workers on casual rosters generally have no guaranteed minimum number of hours per month. A reconciliation period longer than a single fortnight such as allowing them to average hours over a month or six weeks would better allow parents to participate in other activities, such as volunteering if they experienced a sudden reduction in their work hours in a given period.
- To address these issues we recommend a 'casual workers' provision or exemption that allows workers to average their hours over a one or two month period so they can maintain access to affordable early learning, even if they aren't offered a shift or are only offered a short shift in any given fortnight period. Another option could be recognising 'availability for work' as a recognised activity based on evidence provided by the employer which outlines the availability and notice period.
- We strongly believe this will deliver several benefits:
  - improved overall participation rates by mothers of young children
  - maintain continuity of early learning and care for children
  - reduce the risk of families getting into debt.

#### **Children that are humanitarian entrants and asylum seekers**

- These children are vulnerable and would benefit from access early learning, regardless of their parents participation.

#### **Grandparent carers (and other carers)**

- In addition to receiving an exemption from the activity test, Grandparent and Great-Grandparent carers should continue to access free early learning and care.
- This support should also be extended to Kinship carers.
- These definitions should continue to recognise cultural relationships within Aboriginal and Torres Strait Islander communities. We would not support tightening eligibility criteria for these groups.

#### **Definition of parents / carers**

- Goodstart understands that these definitions would apply to any person that is the primary carer of a child, consistent with current definitions and processes published by the Department of Human Services. We support the current processes and evidence to determine the primary carer of a child.

#### ***Responses to consultation questions***

##### ***Should the current exemption categories continue and what evidence is needed to verify the exemption?***

- Yes, all current exemptions should continue.
- Evidence should be kept as simple as possible, eg using the Centrelink IT system so families do not have to provide information more than once, or a simple form or letter.

- Consistent with current processes, all evidence should be provided to Centrelink / The Family Assistance Office.

***What other circumstances would warrant an exemption?***

- See comprehensive response above.

***Should grandparents who are the primary carers of a grandchild be exempt from the activity test, irrespective of their circumstances or incomes?***

- Yes. They should also continue to receive access to free child care, as they do at the moment.

**Should exemptions be subject to a review, and if so, how frequently?**

- Keep it simple. A 12 month review may be reasonable, unless it is clear that circumstances have not changed, for example a parent receiving the Disability Pension should not need to be reviewed for the purposes of child care subsidy.

**Impacts on Families**

To seek the view of families Goodstart conducted a survey of parents, 892<sup>6</sup> parents of children under five years responded (the majority were drawn from families using Goodstart services). The survey found that families’ circumstances change frequently, and that the increased number of steps to the activity test are likely to result in multiple changes to many families’ entitlements to childcare over the course of a year.

**Changes in hours of activity**

- Over the past year, 45.3% of respondents reported that their activity changed at least once between the steps of the proposed activity test, 32.5% changed their activity at least twice, and 24% changed at least three times. Of these, nearly half (48.6%) did not change their childcare arrangements when their pattern changed. 36% of families responded that they had only worked 24 hours or more per fortnight (i.e. met the top tier of the activity test), and a further 12% had only worked 16-24 hours (i.e. the middle tier of the activity test).
- A significant proportion of families are engaged in casual work – nearly a third (28.9%) of respondents stated that they or their partner had been employed on a casual roster at some time since their child was born.
- These findings highlight the importance of ensuring that the system is sufficiently flexible in managing transitions between steps of the activity test, and also point to the importance of a base entitlement.

**Hours of activity**

- The survey showed that a significant percentage of parents would fail to meet the first step of the activity test (8 hours of activity per fortnight) at some point in the year. 38% of respondents at some point worked/studied less than 8 hours for at least one fortnight of the year, although only 8.5% reported that they were currently not working or studying.
- Of those not working or studying, around half were earning more than \$65,000 a year and thus would not be eligible for subsidy. 15% of those not working reported that they were engaged in some volunteer activity for at least 8 hours a fortnight.
- These figures suggest that there is a real risk of significant numbers of children losing access to early learning as a result of the changes to the activity test.

**Transitional Period Exemption**

- 76% of respondents supported adopting the PC’s recommendation for a 3 month ‘exceptional circumstances’ grace period to ensure that hours of child care subsidy would not immediately be reduced if one parent lost their job or suddenly failed the activity test.<sup>7</sup>

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<sup>6</sup> 709 were drawn from a 2000 sample of Goodstart families (35% response rate) and 183 responded to a general invitation to the SmartStart database, survey conducted by BuzzResearch.

<sup>7</sup> 5.4% were opposed 18.5% didn’t know.

- As noted above, Goodstart supports this blanket exemption.

### **Volunteering**

- The overwhelming majority supported the proposition that volunteering should qualify for childcare subsidies with 73.5% in favour and 15.9% opposed.
- Parents strongly supported recognition of volunteering activities that directly improve job prospects (77%) and volunteering activities that do not directly improve job prospects but that make a valuable contribution to community (71.5%). Parents also supported volunteering at a school (65.5%), but did not strongly support volunteering for one off special events such as door knocking for donations (34.8%).
- Parents also supported subsidies being provided for the actual hours of volunteering (74.4%) rather than capped at 18 hours (25.6%).
- As noted above, Goodstart supports a broad definition of volunteering with hours of subsidy linked to hours of volunteering.

### **Other forms of activity**

- In terms of other recognised forms of activity, parents strongly supported recognition of:
  - Caring for a child with a disability (96.2%)
  - Unpaid leave to care for a sick relative or after a traumatic family event (89.1%)
  - Unpaid sick leave (79.8%)
  - Short term work experience in a business (77.4%).
- As noted above, Goodstart supports recognising these forms of activity.

### **Access to Preschool**

- There was also very strong support for giving all children access to preschool in the year before school regardless of whether their parents are in paid work/study/training (79.4%).
- As noted above, Goodstart supports recognising these forms of activity.

### **Other matters - Transitional arrangements within the subsidy**

One key policy consideration not covered in the RIS - highlighted as a risk through the family survey and our consideration of the activity test and exemptions - is transitional arrangements within the subsidy.

The design of the new activity test and subsidy will increase the risk of families having significant changes in their entitlements both from one fortnight to the next and also over the year due to changes in one parent's activity and overall family income.

Goodstart strongly encourages the Government to develop operational transitional policies for the subsidy that should be underpinned by the following objectives:

- supporting workforce participation by ensuring early learning and care is affordable for those in casual or irregular employment or who move among different types of activity
- maintaining access and continuity of early learning for children, especially for vulnerable children and preschool aged children
- minimising the weekly out-of-pocket costs for families while ensuring they avoid incurring debts.

Goodstart's recommendations in relation to the activity test and exemptions aim to address some of the key transitional issues, particularly for families that have at least one parent with irregular work hours and/or irregular income from fortnight to fortnight.

However, there remain issues with how child care payments are balanced and we make the following observations for consideration.

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- The highest risk group are families that access the safety net (either all year or at some points in the year) who have estimated their income to be less than \$65,000 but have a final income of \$65,001 or more. In this circumstance we understand they would be required to pay back their safety-net subsidy.
  - We do not think it would be reasonable to expect these low income families to repay their safety-net subsidy which could be over \$6,000<sup>8</sup>.
  - Regularly updating income would not necessarily solve this issue as it may create a circumstance where a family is eligible in some fortnights but not in others, and could eventually be eligible overall. For low income families the weekly cost pressures would create a barrier to access and irregular access to the safety-net would not be in the best interests of the child and is also inconsistent with the policy objective of the safety-net.
  - The 'cliff' created by the \$65,000 cut-off also creates a new disincentive for the secondary income earner to accept any work through the year. We also note that assessable income for these families are also impacted by family payments which increase the risk of families underestimating their income.
  - Options to decrease the risk could include:
    - assessing eligibility for the safety-net subsidy based on the primary income earner's wage only
    - providing access to the safety-net based on the previous year's income
    - providing a \$5,000 buffer to the income cut-out
    - allowing a 'grace period' notification to provide families with reasonable notice that their entitlement will be cut to allow them time to make other arrangements (for example, the non-working parent could secure volunteering activity to maintain eligibility for subsidy). A three months period may be suitable if income estimates suggest a family income will exceed \$65,000.
    - None of these options are ideal solutions and will possibly have other consequences that need to be considered, however the primary objective for this group of vulnerable children should be to maintain their access to early learning.
  - Goodstart would not support significantly reducing the fortnightly subsidy rate to offset any debts accrued through the year as this would increase the weekly out-of-pocket costs for low income families and would create a barrier to access.
- There are two key risk factors for overpayments, families underestimating their income, and, families overestimating or not reporting changes in activity. Unlike family payments, child care subsidies are provided for a specific service, involve a third party (the child care provider) and in general have a high weekly value. They are also provided to families that do not receive any other form of financial support from the Government. Given the complexity of these scenarios, options to reconcile payments, such as withholding amounts, repayment schedules or averaging activity should be tested with services and families before being adopted.
- Families in higher income brackets will not be used to regularly reporting their income or activity to Centrelink. Some withholding amount (similar to existing practice for CCR) may be necessary for high income families, noting that very few families are likely to hit the new cap.

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<sup>8</sup> In 2017, one child using 12 hours subsidy for 52 weeks at 85% of the fee cap.

- In our survey of families, we also asked parents about what they regarded as important in their dealings with Centrelink and/or the Family Assistance Office. On a rating of 1-10, the following scored 7-10 (i.e most important):
 

○ Only having to provide information once	86.8%
○ Making sure I don't get into debt	84.4%
○ Being able to talk to someone on the phone	83.6%
○ Reminders about my entitlements, payments and limits	82.1%
○ Reminders about my obligations (e.g. immunisations)	77.1%
- Government will need to ensure timely advice is provided to families about the implications of changes in their circumstances and the options available to maintain access to subsidy. Government will also need to ensure there are checks and balances in the system if families forget to notify a change or underestimate their income.

## Family eligibility – allowable absences

Goodstart supports the policy objectives that underpin the existing allowable absence policy and would strongly argue that this part of the existing system is working well.

Goodstart supports **Option 2.1** and does not support reducing the allowable absences to align with hours of activity or introducing evidence requirements for families because:

- Our experience is that the current system is not being abused by providers or families, with families only using the days they need (only around 2% of children at Goodstart exceed 42 allowable absences)
- The current flat entitlement of 42 days is very simple and efficient to administer and communicate to families and is working well
- Some kind of pro-rata calculation would need to be developed in instances where families move between steps of activity which would add significant complexity for no benefit
- The evidence in the RIS suggests that the system is not currently being abused and so the cost to Government of maintaining the existing simple system is relatively low
- It is a reality of early learning environments that very young children get sick, which often requires them to stay home from early learning without necessarily requiring a trip to the doctor. Goodstart would not support new requirements for doctor's certificates as they would add regulatory burden and increase costs for families for next-to-no benefit.

### **Responses to consultation questions**

#### ***What evidence should be provided to support absence days or applications for additional days?***

- No evidence for the first 42 days.
- Application form to Centrelink / Family Assistance Office for more than 42 days.

#### ***What are the main reasons families draw on allowable absences?***

- Consistent with current policy objectives: Illness, family emergencies etc.
- Families do not use absences they don't need, and in all cases they still have an out-of-pocket expense.

## Service eligibility for the Child Care Subsidy – approval process

Goodstart supports **Options 3.2 and 3.3** in principle. We support moves to streamline application processes for existing approved providers, providing there is genuine streamlining and very clear responsibilities and sequencing between state and territory regulators and the Australian Government. We support new conditions and probation periods applying to new providers only.

## **Responses to consultation questions**

### **What criteria should be considered under Provider Approval for the purposes of receiving Child Care Subsidy noting that not all services may be covered by the National Quality Framework?**

- Goodstart strongly recommends that all services receiving the Child Care Subsidy should be covered by the National Quality Framework.

### **Where an existing service moves from one approved provider to another what sort of notification period would be appropriate and should there be a separate application for transfer of the service?**

- The objective should be to streamline processes, improve consistency and ensure a seamless transition for families. At present, providers incur unnecessary costs and the process can be very disruptive for families when subsidy approvals are delayed.
- To ensure continuity for families regarding fees, access to the Child Care Subsidy for the service should be available from the new owner's first trading day.
- We note that given the complexity in amending state based legislation and processes, it may not be efficient to combine the processes. However both processes should work to agreed timeframes. For example, at the moment when we transfer a service, we cannot get funding approved until we provide a copy of the Service Approval which can take up to a week to arrange.
- We note that both the Commonwealth and the states currently have a 42 day period to process transferring services and we believe this could and should be improved for existing approved providers.

### **What criteria would inform whether a probation period should be imposed?**

- All new providers could be subject to a probationary period which would include increased monitoring.
- Existing providers would not be subject to a probationary period unless there was identified systemic non-compliance with legislation, either ECEC or Child Care Subsidy, which results in high-end enforcement action. In this case an existing provider could be targeted for increased monitoring by the relevant jurisdiction. For this to work in practice, there would need to be established information sharing protocols.
- We also note that there have been reports of 'roting' or 'unscrupulous practice' such as hourly fees in excess of \$100 which have been difficult for the Department to adequately investigate. We recommend that as part of the reforms, the Government should examine these instances and ensure they have access to adequate levers to investigate and address unscrupulous practice which may include applying a probationary period.

## **Service eligibility for the Child Care Subsidy – suitability to operate a service**

Goodstart supports moves to ensure the integrity of the subsidy system. Goodstart supports Option 4.3 to strengthen eligibility requirements. We believe this option strikes the right balance between strengthening eligibility requirements without creating unnecessary regulatory burden, provided the requirements are implemented judiciously. However, we note that there are already financial background checks in both Provider Approval applications. There will need to be very clear requirements regarding evidence of financial suitability so this is not open to interpretation by individual approving officers.

Any conditions imposed as part of an Assessment and Ratings process should be linked to the suitability and potential probation period for the subsidy. However, the proposed changes also need to consider and reflect the yet-to-be finalised changes to the NQS and Assessment and Ratings process proposed in the National Quality Framework Review Regulation Impact Statement, including but not limited to any changes made to the Significant Improvement Required rating. Goodstart understands that those proposals are still being considered by Governments.



## ***Responses to consultation questions***

***What requirements over and above those required for state or territory approval to operate, and associated evidence, would best demonstrate suitability to own and operate a child care services, for the purposes of the Child Care Subsidy?***

- Goodstart feels existing requirements are adequate.

***Under what circumstances should a probationary period be imposed on a service?***

***Under what circumstances should a reassessment of suitability occur?***

- All new providers could be subject to a probationary period which would include increased monitoring.
- Existing providers would not be subject to a probationary period unless there was identified systemic non-compliance with legislation, either ECEC or Child Care Subsidy, which results in high-end enforcement action. In this case an existing provider could be targeted for increased monitoring by the relevant jurisdiction. For this to work in practice, there would need to be established information sharing protocols.
- We also recommend that Government forensically examine previous examples of ‘rorting’ or ‘unscrupulous practice’ to ensure they has access to adequate levers to investigate.

## **Service eligibility for the Child Care Subsidy – operating requirements**

Goodstart supports **Option 5.3** in-principle but only if all services, including existing Occasional Care Services come within the National Quality Framework.

It is important to ensure that tax payer investment is being directed to quality early learning and care that meets minimum qualification and ratio requirements and supports children’s learning and development outcomes.

### ***Important note about changes in operating requirements and hourly or sessional billing and fees***

As Goodstart has raised through recent consultation processes and the PC Inquiry, Goodstart notes that the hourly fee cap set for the subsidy is based on real fee information that reflects current billing practices to maximise flexibility for families by charging a daily rate that spreads costs across a full day for all attendances. If the Government wants services to shift to hourly billing or sessional billing practices, the hourly cost of these services will increase and the current hourly fee cap would be inadequate and would need to be recalculated and adjusted upwards.

## ***Responses to consultation questions***

***What impact would more flexible operating requirements have on increasing workforce participation?***

- Current requirements provide a reasonable amount of flexibility for services so it is hard to gauge what the likely impacts could be.
- Based on Goodstart’s operational experience there is very limited demand for longer opening hours beyond what is currently provided.
- There could be unintended consequences that result in less flexibility for families if services reduce their opening hours or opening days when they don’t have sufficient enrolments to be commercially viable. This may particularly be a risk as the new activity test will reduce demand for early learning from families that will fail the activity test.

***What impact would more flexible operating requirements have on new and existing services?***

- Impacts will be different in different markets and will also depend on the combined impact of the activity test reducing access to subsidy for some families and the subsequent impact on service viability.

- Rent is the second highest cost in LDC after labour costs. Reduced opening hours or days would be likely to lead to higher daily or hourly costs as the hourly rate would increase to make up for lost revenue.

***In what circumstances should rural and remote services be granted an exemption?***

- Children in rural and remote locations should have access to high quality early learning, like all other Australian children.
- We recognise that there are challenges in delivering services in rural and remote locations, including recruiting and retaining qualified staff and developing a viable service model with relatively small numbers of children. However, while limited opening hours may be appropriate, all reasonable efforts should be made not to compromise on qualification requirements. In some rural and remote communities, top-up funds from the Community Child Care Fund may be required to maintain viable quality services.
- Exemptions may be warranted for LDC services in rural and remote areas, for example where children’s attendance relies on school transport.

**Service eligibility for the Child Care Subsidy – Priority of Access (POA) requirements**

Goodstart supports **Option 6.1**, maintaining the existing POA guidelines and providing flexibility for services to apply the guidelines in ways that meet the needs of families.

Goodstart has found the existing Guidelines useful in the following circumstances:

- Prioritising access upon enrolment
- Arranging for families to swap days to accommodate a child at risk or a working family
- Prioritising access in emergency situations, for example in the Northern Territory when a lack of staff meant that we had to reduce attendances.

The current criteria that refers to the maximum rate of CCB should be amended to reflect those families that are receiving subsidy through the mainstream Child Care Safety Net provision (ie 12 hours subsidy per week for family incomes below \$65,000).

***Responses to consultation questions***

***How could POA Guidelines be applied to achieve the desired outcome of supporting workforce participation and supporting those children at risk of serious abuse or neglect?***

- It should be up to the Service to apply the guidelines in a way that meets the needs of local families.
- It should be noted that the new activity test will mean that early learning will be unaffordable for most families where one parent is not working which may significantly reduce demand for early learning from single income families.

***Should POA requirements apply to vacancies only or should services require a parent to surrender their place in order to give a place to a high priority child?***

- It should be left up to the Service to apply the guidelines in a way that meets the needs of local families.

***If POA requirements are retained, how should they be enforced?***

- It should be left up to the Service to apply the guidelines in a way that meets the needs of local families and the new Activity Test will have a significant impact on single income and non-working families accessing early learning and care.

## Child Care Safety Net

The underlying principles for the measures within the Child Care Safety Net should be:

- eligibility for subsidies for vulnerable and at risk children must at least maintain existing eligibility and should expand eligibility to include children that are either currently not captured, or not explicitly captured, or who move in and out of the system
- access to support through the Safety Net should be streamlined and simplified wherever possible, including new flexible approval processes for long term support particularly for children at risk of abuse or neglect
- compliance activities should be implemented to ensure the system is not being abused, rather than trying to limit access to subsidy by further tightening eligibility criteria.

We welcome the commitment provided at the verbal consultations that there would be further consultation on this program. Goodstart recommends that a working group is established to progress the development of this policy, particularly for Children at Risk of Abuse or Neglect.

### ***Response to consultation questions***

#### ***Should any other groups be considered for a higher level of assistance under the Additional Child Care Subsidy? If so, why?***

- Children who have recently arrived via refugee or humanitarian programs, children in kinship and foster care arrangements should be eligible for a higher level of assistance because they are vulnerable and face long term disadvantage and quality early learning would support their learning and development.
- Children that have been exposed to family or domestic violence should continue to be eligible for a higher level of assistance because they face long term disadvantage and quality early learning would support their learning and development.
- A more comprehensive definition of children at risk of abuse or neglect should be adopted, including maintaining the full list of risk factors currently outlined in the Guide.

#### ***What level of evidence should be provided by families or services to access the Additional Child Care Subsidy and support programme integrity?***

- The objective must be to reduce barriers to vulnerable children attending early learning. For some at risk children, the existing documentation and evidence requirements are too cumbersome.
- Children at risk of abuse and neglect are often in families characterized by disorganisation, low levels of motivation and hostility towards government authorities. Such families find it difficult to interface with services, maintain good records, and provide clear and timely evidence. They may not for various reasons, be in a position to advocate for the child's best interests (e.g. a mother experiencing controlling abusive behaviour from a spouse may be too fearful to provide services with necessary evidence, or a mother presenting with mental health issues will not see a GP for diagnosis or certification of mental illness). In these cases additional flexibility is required to ensure children aren't disadvantaged.
- The Child Care Safety Net policy must continue to recognize that the kinds of evidence provided by a service to support a claim are diverse and may range from observations of the child's behavior to advice from welfare and health professionals.
- We recommend that all existing forms of evidence should continue to be recognized.

- In terms of the evidence required, we understand the Australian Government will mandate referrals to state based agencies and require an additional approval in the first thirteen week period. If this is the case we support broadening the evidence requirements to allow for the following circumstances:
  - Emails should be permissible evidence, including from case workers
  - Support letters for future approval should be able to contain the same or similar information / evidence as earlier letters where circumstances have not changed
  - In relation to medical evidence in particular, there are often challenges in securing advice from medical professionals because parents are reluctant to request that advice. This can be because they fear judgement and repercussions, either from Government (eg Child Protection Agencies), from other family members (eg impacts on custody arrangements), because they fear it will damage other relationships (eg with the Centre), or because of the cost. In general, consistent with confidentiality protocols medical professionals will not provide evidence directly to services.
  - If timeframes for approvals are reduced, there will need to be greater flexibility in terms of gathering and providing evidence to ensure continuity of care is maintained for children.
  - Assessments should acknowledge that access to early learning has benefits for parents in vulnerable circumstances as well as providing a protective factor for children at risk
  - There will need to be an exceptional circumstances provision when there are staffing changes within third party agencies
  - Where parents are unwilling to make referrals or provide evidence, supporting evidence by ECEC professionals should be adequate for a further approval.
- There are also complex interactions with mandatory reporting legislation in some jurisdictions, which can act as a barrier to children at risk accessing SCCB at the moment. The new Additional Child Care Subsidy and guidelines needs to carefully consider these interactions and ensure that the evidence required does not act as a barrier to access.

### **Children at risk of serious abuse or neglect**

Goodstart notes that current SCCB is an important element of the Government's *Protecting Children is Everyone's Business – National Framework for Protecting Australia's Children 2009-2020*. The Nationally agreed framework recognises and supports the importance of inclusion of children at risk of serious abuse or neglect in quality early childhood development and childcare. Goodstart trusts that the Government is maintaining its commitment to the National Framework.

Goodstart notes the Government's concerns about the potential abuse of the existing Special Child Care Benefit. However, Goodstart strongly believes that compliance activities should be implemented to identify and rectify abuses, rather than trying to limit access to subsidy by tightening eligibility criteria or creating overly burdensome processes.

Goodstart also strongly recommends that initial service approvals for children at risk should continue to be provided for up to 13 weeks. In the overwhelming majority of cases, this time is necessary to coordinate the necessary information for second round approvals. It is important to recognise that gathering evidence from families and children at risk can be an extremely complex and challenging process. Families often fear that engaging in the process will not be in their long-term interests, and securing the necessary evidence from third parties and other agencies is time consuming and often requires multiple attempts to produce evidence that will meet the Department of Human Services requirements.

Goodstart would like the opportunity to discuss the approval process further with the Department before legislation and guidelines are finalised.

In the first instance we recommend maintaining the initial approval for up to 13 weeks. However, if that is not adopted then we recommend the following process accompanied by an increase in compliance and spot checks:

- Initial approval made by service for up to six weeks made with notification provided to relevant state based authority or organisation
- Second approval made by service for up to an additional seven weeks made with follow up notification and evidence requests provided to relevant state based authority or organisation
- Further approvals submitted to DHS with two broad tiers:
  - a 12 month approval process for the most serious cases of abuse or neglect where it is clear the child is going to suffer the long term impacts of trauma caused by abuse or neglect
  - a shorter approval for others (eg four months).

### ***Response to consultation questions***

***Should 'at risk of serious abuse or neglect' be defined as a child who is at risk of experiencing physical assault, sexual assault, psychological/emotional abuse (including witnessing or being exposed to domestic violence) or neglect (e.g. malnutrition, lack of medical care)?***

- We understand the need to provide a broad, general definition in the legislation to underpin the policy and understand, that consistent with the current legislation this broad definition would be underpinned in the determinations and guidelines.
- The priority must be to adopt a definition that is at least as comprehensive as the current definition and that has flexibility to include a complex myriad of circumstances that could lead to a child being at risk.
- Therefore, the definition of what constitutes a child at risk of serious abuse or neglect must be appropriately comprehensive and should continue to be aligned to the *National Framework for Protecting Australia's Children*.
- Goodstart also supports maintaining reference to the definitions included in the National Child Protection Clearinghouse resource sheet published by the Australian Institute of Family Studies, '*What is child abuse and neglect*' as this remains the best, broadly agreed definition. We would also recommend that other publications published by AIFS such as '*Risk and protective factors for child abuse and neglect*' are referenced in the new guide to support decision making about children at risk.
- We also support maintaining all existing definitions of the following, with new additions as noted below
  - Indicators of abuse or neglect (intentional and unintentional)
  - Signs of abuse or neglect in parents and caregivers
  - Possible signs of sexual abuse, in children and in parents/caregivers
  - Possible signs of psychological abuse, in children and in parents/caregivers
  - Possible signs of neglect, in children and in parents/caregivers
  - Risk factors for abuse or neglect (for children, parents, family and social)
  - Environmental risk factors for abuse or neglect (eg home environment or homelessness, probability of parental relapse).
- We also support maintaining the principle that services do not need to have direct knowledge that abuse or neglect has occurred in order to approve additional support, but that services do need to have a reasonable belief that the child is at risk.

### ***Are there other circumstances that should be included in this definition?***

- Eligibility for Additional Child Care subsidy should also include extra categories including:
  - Children in out-of-home care, or who have been removed from and then re-united with their family, or who have a substantiated child protection concern and remain with family
  - Children who are notified to a State child protection department and assessed as needing ongoing support (Tier/Priority 3 in State child protection risk assessments)
  - Children who are subject of court child protection orders
  - Children at risk of unintentional neglect, for example due to parental mental illness
  - Children in kinship or foster care
  - Children experiencing homelessness
  - Children that have experienced family violence
  - Children who are humanitarian entrants and have experienced trauma
  - Children with developmental delays or conditions that are not being recognised by their parents.
- We would welcome the opportunity to discuss the definition and supporting material in the Guide in more detail to identify other specific examples of where children may fall through the cracks.

### ***Where exposure to such risk has ceased, at what point should the child no longer be considered to be at risk?***

- The priority is to ensure that children at risk, or children who have been at risk maintain continuity in their early learning and care as this is a key protective factor during an extremely vulnerable period in their lives. The impacts of trauma have a long lasting negative effect on the developmental outcomes of very young children and the likelihood of the risk re-occurring is high. On this basis, once subsidy has been approved after the initial (up to) 13 week provider approval, a 12 month review process may be appropriate.
- Children that have been at risk tend to remain disadvantaged and vulnerable so support should be ongoing for as long as it is required. Services and other professionals such as social workers are best placed to make assessments about when additional support is required. We would not support arbitrary time limits to the support that children can receive.
- Goodstart also recommends that a transitional exemption from the activity test of the mainstream subsidy should support children's ongoing participation in up to 50 hours of early learning per week, regardless of the activity level of their parents or carers. Eligibility for this exemption should be assessed upon exit of the Additional Child Care Subsidy. We note that the PC made a similar recommendation with the objective of maintaining continuity to care for children that have been assessed as 'at risk'.

### **Temporary financial hardship**

Goodstart supports providing an initial 'service provider approved' allocation of up to 13 weeks of financial hardship subsidy, with additional weeks provided via application.

### ***Should 'temporary financial hardship' be defined as families experiencing significant financial stress due to exceptional circumstances (e.g. sudden and unexpected death of a spouse/partner or child, unexpected loss of employment or natural or other disaster)? If so, how should exceptional circumstances be defined?***

- We support the existing definition and guidance material with some new additions as outlined below.
- Support must be provided to ensure children can maintain continuity of care throughout an event that impacts on a family's capacity to meet their child care fees as they manage a crisis.

- This can also include a combination of events such as car accidents, unexpected reduction in hours in casual work and unexpected costs such as medical expenses.

***Are there other circumstances that should be included in this definition?***

- Diagnosis of a terminal illness in spouse, partner or child that impacts on family income, including a relapse of a medical condition past the initial 52 weeks. Goodstart members have had instances where Temporary Financial Hardship has been rejected for a cancer relapse as it is not a new diagnosis, it is not considered a new event. This anomaly should be rectified.
- Natural disaster that has not necessarily been formally declared by the Australian Government – eg recent exceptional storms were not declared a natural disaster but did have a significant impact on some families. We do not support limiting natural disaster assistance to only those events declared by the Australian Government.
- Unexpected loss of income, eg due to medical or other conditions in immediate family members, eg loss of hours of work to care for a grandparent that has become seriously ill.
- Impacts of family violence and homelessness should also be included in this definition as these circumstances may sometimes warrant Temporary Financial Hardship assistance rather than Child at Risk assistance.

***Given the range of issues covered by ‘temporary financial hardship’ what guidance would assist services to provide a proportionate response to level of hardship with respect to the timeframe of additional assistance?***

- We support leaving these decisions with services and families. In our experience families tend not to request more help than they need.

**Transition to work**

Goodstart needs to understand the proposed criteria and how it differs from the existing criteria before an assessment can be made about the proposed transition to work subsidy.

In general, we support income support recipients receiving a higher rate of subsidy (95%) with hours of subsidy aligned to their hours of activity, including adequate study and travel time. This subsidy should also be extended for a period after the person transitions to work to provide some continuing support in line with other income support measures, recognising also that starting work can involve additional costs and pressures (e.g. 3 months).

We also support broadening the type of eligible study to include undergraduate degrees.

***What evidence should be available to confirm parents who receive transition to work assistance are satisfactorily progressing in their studies?***

- This evidence should be handled between the parent and Centrelink. There should not be a role for service providers to collect evidence about study or training.

**Community Child Care Fund**

Goodstart agrees that ensuring children can access and attend early learning improves a family’s ability to break a cycle of poverty and intergenerational welfare dependence. Access to early learning is one of the most effective early intervention strategies available.

**Element 1 – Community Support in Disadvantaged Areas**

Goodstart supports the intent behind Element 1 – Community Support in Disadvantaged Areas. We also support moves towards integrating services in the universal early learning and care platform. However we remain very concerned that funding allocated to these programs appears to be inadequate to ensure that all existing early years services make a successful transition.

Goodstart provides the following general comments:

- It is unclear if families accessing these services will be required to meet the standard activity test, noting the PC recommended that families accessing these services should be exempt from the activity test. Goodstart recommends that services in communities where local employment conditions are creating barriers to participation should have the opportunity to apply for an increased subsidy allocation for families.
- Intensive support from local Centrelink / Family Assistance Offices should be secured to help services and families transition to the mainstream subsidy. This should include skilling up local Centrelink staff and providing targeted one-on-one support to families, including interpretation support to complete the registration process and to iron out any transitional issues.
- Services should be supported to transition over the next two years consistent with the anticipated policy settings from 1 July 2017. For example, they should not be required to meet existing service approval requirements for CCB and CCR (eg in relation to opening hours). The priority should be on those elements that improve the quality of the service (eg qualifications and facilities).

***Are there other activities that have proven effective in increasing participation of vulnerable children?***

- Access to subsidies is vital to ensuring that vulnerable children access and participate in early learning. If the subsidy or activity test makes early learning unaffordable for some vulnerable children, they are likely to either not attend or not attend for sufficient days to support their learning and development.
- Delivering integrated services that meet the needs of the local community and leverage local services are also effective in increasing participation of vulnerable children.
- Goodstart is implementing a new integrated approach through our Enhancing Children's Outcomes (EChO) project. This involves investment in targeted, established services in high priority communities to increase the social benefits that can be derived from access to high-quality and inclusive ECEC programs. Investing in these services involves intensive community engagement to ensure services are responsive to what the community wants and program offerings that go beyond a standard LDC model to reflect specific community circumstances.
  - We would be pleased to provide Government with a more detailed briefing of our work in this area.

***Apart from an increase in children attending child care – what other outcomes would you expect?***

- Services should meet minimum quality standards in terms of qualifications, ratios and facilities.
- Outcomes could include:
  - Meeting or Exceeding NQS Assessment and Rating
  - an increase in children attending regularly throughout the year
  - an increase in children attending for at least two days per week
  - an increase in children completing an approved preschool program
  - Exceeding in NQS Quality Area 6.3 (collaborative partnerships)
- Access to subsidy must be provided to families to facilitate this participation and this is likely to warrant exemptions from the activity test or other similar arrangements.
- Other indicators that could be considered include:
  - Providing healthy food and drink
  - Links to school attendance, NAPLAN and AEDC.

***Are increased awareness and greater integration acceptable interim outcomes for some services?***

- Interim outcomes should link to the relevant Quality Areas and elements of the NQS. There should be an overall focus on improving quality.



## **Element 2 – Sustainability support**

Goodstart is keen to ensure that all providers, regardless of size would be eligible for this assistance. Goodstart would argue that in localised markets where a large operator is the only LDC service, they should be able to apply for this assistance. We note that the PC was somewhat critical of providers cross subsidising non-viable services. However this cross-subsidisation is vital to maintaining early learning and care services in markets where it is difficult to run a viable service.

### ***What viability issues do services face other than issues arising from low or fluctuating enrolments?***

- Local market conditions and challenges attracting and retaining staff can impact on service viability. In addition, paying for staff accommodation and access to professional development can significantly increase costs and impact viability in regional, rural and remote areas where travel costs and market rents can be excessive. Occasionally urban locations such as mining communities, or inner city locations are also impacted by these factors.
- Changes in eligibility for subsidy (i.e. the activity test) will significantly impact on the viability of some services, particularly in rural and regional areas and some low SEIFA suburbs.

### ***How should the department best determine the area in which a service operates? How far is a reasonable and realistic distance for families to travel to access care?***

- This will need to be a case-by-case decision as the area a service operates in depends on local circumstances including access to transport (including public transport), employment opportunities etc as well as individual family circumstances and service quality.

### ***What would the definition of sole provider be?***

- This would also need to be a case-by-case decision as it will depend on localised factors, including transport.

### ***Under what circumstances could exceptions be made for services operating in viable markets?***

- Circumstances could include: high rates of unemployment and maternal unemployment, high proportions of parents in receipt of parenting payment with a child under six years, sudden changes in local employment market, impacts of natural disasters.

## **Element 3 – Capital support**

Goodstart supports the proposed program for capital grants and provides the following recommendations:

- It will be necessary to secure a commitment from State and Territory regulators to engage in the design process to ensure regulatory approvals will be met.
- There should be a specific criteria for projects that deliver a social inclusion benefit for vulnerable populations.
- Capital grants should also be provided for projects that increase the number of places for high demand rooms within a service, for example for children under the age of three years, not only projects that increase the number of places overall.
- Further guidance should be provided around how services could specifically identify gaps in the market, other than waiting lists, for example specifically what kind of demographic data should be provided?
- Further guidance around the definitions of vulnerable and disadvantaged communities would also assist in the application process. Goodstart suggests using SEIFA, AEDC and localised unemployment metrics.

Goodstart also supports grants being available to all centre-based services, noting that raising capital is particularly an issue for not-for-profit and community providers.

***What evidence should services provide to demonstrate they have arranged co-contributions for the project? What evidence should services provide to demonstrate community support / buy-in?***

- Letters of support from other stakeholders would be reasonable.

#### **Element 4 – Access and affordability support**

Goodstart supports the intent behind this program. Low income families in high fee markets tend to face two barriers to workforce participation: firstly, finding an available place is difficult and secondly, the price and out-of-pocket costs of available places are unaffordable and create a financial disincentive to work. There are also significant challenges in attracting and retaining staff in inner-city and high cost locations which can limit supply.

Goodstart considers that this program presents a great opportunity to address these barriers.

In order to ensure this program meets its objectives, the design of the program would benefit from a more comprehensive consideration of the policy problem it is trying to address, including (:

- An analysis of current locations of high fee services and the range of fees within the top 20%. Depending on the range of fees in particular locations, it may be possible to use a statistical method to eliminate very high fee services that are clearly providing a premium service, or the top-up could only apply to the non-premium component of the fee, or other criteria may be necessary.
- An analysis of the current usage of high fee services by low and middle income families to determine where eligibility should be set. Ideally families should receive the top-up subsidy all year and so the income thresholds should be set to ensure subsidy does not run-out part-way through the year. We would suggest that consistent with criteria of low and middle income families, eligibility could include family income up to \$100,000.
- An analysis of if the 20% mark is the most appropriate benchmark to meet the policy objectives considering the analysis mentioned above.
- Depending on the allocated funding, prioritisation may be necessary and the options should be carefully considered.

#### **Administration of the Program**

Goodstart does not support an annual grant program. The problem with an annual grant is:

- it's very difficult encourage low income families to attend particular services
- it's very difficult to estimate how many low and middle income families might attend a given service
- it's also difficult to estimate what their usage might be
- families don't report their income directly to services.

The number of very low-income families using high fee services is also likely to be a very small proportion of all families so, depending on the income threshold there is very little incentive for providers to go to the trouble of applying for the grant. Ultimately, this would mean that the additional support would not reach the families that need it. It would also be administratively complex and costly to apply the grant to family accounts.

The objective of the program should be to ensure that all low income and middle families in high fee markets receive the additional support they need automatically. With this in mind, alternative options to administer the grant could include the options outlined below, although further consideration of the implications and likely consequences should be carefully considered:

- A 'top-up' to the mainstream subsidy applied to low and middle income families that use services that meet a determined criteria

- A 'voucher' provided to all low and middle income families that can only be activated if families access a service with fees in the top 20% but excluding the most premium / expensive services, eg as determined by Departmental analysis.

In any case, more centralised approach that leverages off the Australian Government's data sources would ensure that Government can efficiently monitor family eligibility through the existing Centrelink / Family Assistance Office mechanisms:

- if a family's income increases or decreases, Government can simply 'turn off' or 'turn on' the subsidy consistent with their percentage allocation under the main subsidy
- if a new family enrolls in an approved service, their top-up is automatically applied provided they meet the income threshold
- if multiple families enrol in an approved service, they all receive their fair share
- if no families enrol in an approved service, no funding is provided to that service
- if a low-income family leaves a service the funding is not sitting with a service waiting to be applied
- the Government can also target the assistance to the most low and middle income families accessing high fee services. If the allocated funding is underspent, Government could consider increasing the income threshold or other options to meet the policy objectives.

### **Selecting eligible services**

There are several options that could be considered in determining which services are eligible, ranging in complexity and with different benefits and drawbacks, for example:

- Government could release a list of locations where the average hourly fee is at least 20% higher than the fee cap excess of the benchmark and all non-premium services are eligible
- Services with fees in the 20% range could apply annually to be on the approved provider list, providing evidence of their fees and inclusions to demonstrate they are not providing a genuine premium services.

### ***How long should the grant be available for and what review mechanisms would best ensure the objectives of the element are met?***

- The grant should be available for as long as the family accesses the high cost service as cost pressures do not reduce for low income families over time.
- The Government is best placed to centrally review the top-up subsidy to ensure the objectives of the element are met.

### ***What evidence of 'efficient business practice' should be available in order to access additional affordability support in high fee markets?***

- Goodstart supports the policy objectives of the Access and Affordability Support. Goodstart has 19 services that have either one room or all rooms with fees 20% above the benchmark (ie above \$11.04 per hour in 2013-14 terms). In general, these services are located in areas of relatively higher cost inputs, particularly rents which are translating into higher fees. We have many low income families using these services who would benefit from the additional affordability support and believe the design of this program would benefit from a more detailed policy discussion.
- It is important to distinguish between smart marketing practices and genuine premium services that have an additional significant cost of delivery. Identification of what is 'premium' and beyond efficient business practice could be difficult. Evidence of 'efficient business practice' could include:
  - Prices within a reasonable range of the local market average, unless justified on exceptional grounds
  - Demonstrating that *genuine* premium services are not included in the fee, for example extra-curricular activities that have an additional cost, concierge services etc

- Demonstrating that *perceived* premium services are not significantly increasing costs, for example a Zumba class delivered by existing educators as part of the early learning program does not incur an additional cost to deliver and is not a genuine premium service
- Confirming that the service is paying market rents (ie is not in receipt of a peppercorn rent)
- Consumables should also be accepted, for example the provision of nappies and food is not a premium service.

## **Inclusion Support Programme**

Goodstart supports the policy objectives for the Inclusion Support Program. However, entitlements for children with additional needs, including children with disability should be adequately funded, and ideally demand driven to ensure vulnerable children don't miss out.

Goodstart is keen to understand exactly what changes will be delivered as part of the new Inclusion Support Program and what transitional arrangements will be in place next year to support children and services that are already receiving a subsidy or other assistance.

Other specific feedback includes:

- The new Inclusion Support Program and the new Inclusion Support Subsidy must fully fund all hours that a child is in attendance at an early learning and care service.
- Ideally, the weekly allocation of ISP subsidy hours should match the hours of attendance, or at least be increased to a maximum of 30 hours per week rather than the current 25 hours. This would recognise that the average hours of children in formal care has moved upwards in recent years since the 25 hour limit was first set and now sits at around 28 hours. Under all scenarios, Goodstart supports abolishing the daily five hour limit and allowing services the flexibility to allocate those hours over a week in a way that best meets the needs of children.
- Goodstart is keen to confirm the rate for ISP subsidy from 1 July 2016 and how this rate will be adjusted, noting that CPI indexation would be likely to see the subsidy lose value over time. We note the Government announced that services would no longer have to pay a gap fee.
- Eligibility for ISP should:
  - Maintain all existing eligibility for children with assessed or diagnosed disability, for children who are undergoing continuing assessment of disability and for children from a refugee or humanitarian intervention background, and Aboriginal or Torres Strait Islander children.
  - Be expanded to include:
    - children with developmental delays consistent with the national agreement under the NDIS which ensures children under six years old with a diagnosed disability and / or developmental delays have the opportunity to receive reasonable and necessary supports
    - children who are extremely restricted in their mobility
    - children who pose a significant risk of serious injury to self or others, including due to behavioural needs
    - children who have significant medical needs.
- Goodstart strongly urges the Government to maintain the Flexible Support Funding stream to provide time limited support provided to eligible services to build their capacity to include a child or children with ongoing high support needs.
- Access to Bicultural Support should be maintained.
- It is important to ensure that all children and services currently benefitting from ISS continue to have access as the new model is introduced.

- At present, the length of time it takes for centres to get access to their Inclusion Support Facilitator is a significant barrier to inclusion. This is compounded by the time it takes to receive an approval from the IPSO Provider, which can be in excess of 4 weeks in some cases. Approval timeframes should be significantly shortened in the new system and this may require increasing the number of Inclusion Support Facilitators.
- The new portal and approval processes should be tested with services before they are finalised.

***In a streamlined programme, what evidence would be required to access additional support, and what are the circumstances that would warrant an exemption from these evidence requirements?***

- The process for providing evidence and the type of evidence required should be as simple as possible for the family and the service, and wherever possible should avoid families having to provide information on multiple occasions.
- Where a condition or diagnosis is unlikely to change, further approvals after 12 months should not be required. For example children with a confirmed diagnosis of the following conditions would fall into this category:
  - Cerebral palsy
  - Down syndrome, including mosaic Down syndrome
  - Fragile X syndrome with full mutation.
  - Prader-Willi syndrome
  - Williams syndrome
  - Angelman syndrome
  - Kabuki syndrome
  - Smith-Magenis syndrome
  - CHARGE syndrome
  - Cornelia de Lange syndrome
  - Rett's Disorder
  - Cri du Chat syndrome.
- The ISP Provider should receive an automatic notification for all children that have health care cards or other conditions so that this information does not have to be re-supplied by the family.
- The system must maintain flexible support funding to immediately respond to children's needs.

***How could the programme better engage with new families to increase the participation of children with additional needs in child care?***

- An improved application and follow up process, with more responsive timeframes would help to better engage with families. Long wait times are discouraging for many families.
- Being able to assure families that children would be supported for all hours that they attend would also assist in giving new families confidence that their children will be supported.
- The design of the current program can also create barriers to inclusion and tension between families and services. Although eligibility for ISP subsidy is *assessed* based on an individual child's needs, subsidy is *allocated* to the whole room. This can sometimes cause tension with families who are expecting that their child will receive one-on-one support for all hours they attend the service. Additional communication materials should be developed to support communication with families through the application process.
- Professional development also helps educators build their skills and knowledge so they can embed long term inclusive practices.

***What activities could better help to embed inclusive practices in child care services?***

- Reducing time spent on administration and improved access to Inclusion Support Facilitators would provide more time for professional support and in-room support.

- Goodstart also recommends that the new program should avoid implementing shared-care arrangements in instances where multiple high-needs children are enrolled in a particular room as this can create barriers to inclusion and lead to poor outcomes for children with additional needs and for other children. In cases where there are multiple high-needs children, multiple additional educators are required to embed inclusive practices and the new program guidelines should provide the flexibility to allow for multiple educators in a single room where required.

***What outcomes should be identified to ensure inclusion support is contributing to inclusive practices?***

- The number of children being supported and maintaining their attendance in early learning.

***To what extent should funds within the Inclusion Development Fund be quarantined for specific purposes (e.g. inclusion of children from culturally and linguistically diverse backgrounds)?***

- The total amount of investment should be monitored to ensure that all eligible children are receiving the support they need. If additional investment is required then this should be allocated.

## **IT System**

There are opportunities to improve the ICT systems for families, services and Government. However the RIS does not provide sufficient detail of possible processes, options or costs. The ICT system must also be underpinned by policy to support families that transition within the subsidy with an overarching goal of reducing red-tape and regulatory burden.

The risks associated with the roll-out of the new system are very high. We note that there were major problems associated with the last major overhaul of the child care subsidy system in 2000. To ensure risks are appropriately identified and mitigated, Goodstart recommends that an additional consultation mechanism is established with services to progress the development of the new ICT system. This process should include an opportunity to fully consider the relative costs and benefits of various options.