



Early Childhood Australia
A voice for young children

**OUR
VISION:
EVERY
YOUNG
CHILD IS
THRIVING
AND
LEARNING**

MEDIA RELEASE

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Changes needed to Child Care Package so more than 130,000 children won't lose access to early learning

Early Childhood Australia (ECA) urges Senators to amend the government's Jobs for Families Child Care Package to ensure thousands of young children don't miss out on access to early learning that amplifies their development, supports successful transition to school and contributes to Australia's future prosperity.

[New modelling](#) by Associate Professor Ben Phillips at the ANU Centre for Social Research and Methods, commissioned by ECA, will be presented at a Senate Inquiry into the Package today. The ANU modelling reveals that around 130,600 children will have reduced access to early learning under the proposed activity test.

"We urge all Senators who will vote on the Childcare Package to be fully informed of its impact" said ECA CEO Samantha Page.

The proposed activity test will mean that families with one or more parents not working for more than 8 hours per fortnight will lose their eligibility for subsidy altogether. Low income families will still have access to 12 hours per week but this is a significant reduction from their current entitlement to 24 hours per week and it is insufficient to cover two days in a long day care centre in the important early years.

"There are many complex reasons why families might fail the activity test – all it takes is for one parent to be in irregular work, experience an illness or struggling with some difficult training and the family will lose their entitlement to subsidised early learning.

Our biggest fear for the families who would fail the activity test is that instead of prompting parents to increase their work or study, it will result in them removing their children from early learning they can no longer afford which will potentially destabilise their capacity for participation and result in children having limited or highly irregular access to important early learning opportunities.

ECA's recommends changes to the activity test to ensure that children retain regular access to subsidised early learning for 2 days per week.

"ECA's proposed changes would retain increased alignment between the hours of active participation (work or study) and the level of subsidy, but only apply the activity test above 2 days per week for all children from the end of paid parent leave through to the transition to school. This proposal provides subsidised access not free access; parents pay a co-contribution fee according to the means test on the subsidy (as they do currently). To secure 2 days per week across the diversity of early learning service providers we believe that up to 18 hrs per week of subsidy is required.

"We are pleased to see that ANU's modelling shows nearly 708,400 families will be better off or see no change under the new Childcare Package and we applaud the Government's commitment to making early

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learning more affordable and accessible, especially for middle-income families with both parents working,” said Ms Page.

“However this analysis shows that unless changes are made to the current Bill, the Government will fail in its purpose of improving developmental outcomes – particularly for Australia’s most vulnerable children who benefit the most from participating in quality early learning.

“We urge all parties considering this Bill to take note of the evidence and serious concerns about the risks to child development of loss of access to early learning by vulnerable children that has been raised by academics, early childhood professionals, early childhood educators and children’s service providers in their submissions to the Senate Inquiry.

“If a whole generation of vulnerable children lose out on early learning the long term consequences could see children who are more likely to struggle at school and in later employment. Ensuring all Australian children can access two days per week of early learning will build our future prosperity,” concluded Ms Page.

Key findings:

- 708,401 (68.2 per cent) families will have an increased subsidy or be no worse off
- 330,042 (31.8%) families will have a reduced subsidy and pay more for child care.
- Of these, 127,250 families are impacted by the activity test where the parents are working less than 8 hours per fortnight. The families affected mostly includes families where one or both parents not working (i.e. a stay at home parent)
- 29,281 low income families will see their weekly subsidised access halved from 24 hours to 12 hours
- 130,600 children are impacted by the activity test where the parents are working less than 8 hours per fortnight
- 22.4 per cent of couple families and 39.5 per cent of single parent families are at risk of failing the activity test due to one parent not working.

Under the alternative policy proposed by Early Childhood Australia (all families meeting activity test 1st tier)

- The number of families with a reduced subsidy declines to 262,474 families (25.3 per cent) making 67,568 families better off than the Government’s proposed policy
- Those children impacted by the 1st tier of the activity test declines to 0 – providing 130,600 children with access to at least 18 hours of subsidy per week

The Report is available here: <http://www.earlychildhoodaustralia.org.au/wp-content/uploads/2016/03/Distributional-Modelling-of-Proposed-Childcare-Reforms-in-Australia.pdf>

***Early Childhood Australia (ECA)** is the peak early childhood advocacy organisation, acting in the interests of young children from birth to eight, their families and those who work in the early childhood field.*