

Inquiry into the Family Assistance Legislation Amendment (Building on the Child Care Package) Bill 2019

Submission from Early Childhood Australia

September 2019

About us

Early Childhood Australia (ECA) is a not-for-profit organisation that has been a voice for children since 1938. We have a federated structure with branches in every state and territory in Australia and our membership includes individual professionals, early childhood services and schools, as well as public, private and not-for-profit organisations that share a commitment to young children.

Our vision is that every young child is thriving and learning. To achieve this, we champion the rights of young children to thrive and learn at home, in the community, within early learning settings and through the early years of school.

Our work builds the capacity of our society and the early childhood sector to realise the potential of every child during the critical early years from birth to the age of eight. ECA specifically acknowledges the rights of Aboriginal and Torres Strait Islander children and their families, and the past and current injustices and realities for them around Australia.

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Early Childhood Australia (ECA) is pleased to provide advice to the Senate Standing Committee on Education and Employment in its inquiry into the Family Assistance Legislation Amendment (Building on the Child Care Package) Bill 2019 (the Bill).

ECA understands that the intent of the Bill is to correct unintended consequences of the new Child Care Package, through amendments to the *A New Tax System (Family Assistance) Act 1999* and *A New Tax System (Family Assistance) (Administration) Act 1999*. The Government has stated that the Bill is informed by feedback from families, early childhood education and care services and preliminary results from the formal evaluation of the new Child Care Package.

In ECA's view, the Bill is largely successful in addressing the limited number of issues that it has targeted. ECA welcomes amendments that will reduce unnecessary administrative demands on families and early childhood education and care services, such as the extension of the allowable absence period from 8 weeks to 14 weeks, which is particularly important for providers and users of vacation care (section 10 of the Family Assistance Act).

However one of the amendments in the Bill should not be supported, and one requires further clarification.

1. Amendments not supported by ECA

The removal of the 28-day period in which CCS applicants may provide their TFN and bank account details (items 35 to 38, 41, 42, 50 and 51) is not supported by ECA. In contrast to the rest of the Bill, this proposed amendment would *remove* flexibility currently in the child care system, with the potential for negative effects for a small number of families in difficult circumstances.

Currently, the Family Assistance (Administration) Act allows a parent or carer to make an immediate claim for Child Care Subsidy (CCS), provided they also submit a written statement that they will provide their bank account details within 28 days (section 67BG). The Act also permits a claimant to state that they are waiting on the Australian Taxation Office for a new TFN, or for advice on the details of their TFN, and authorises the ATO to provide the TFN direct to the Department of Social Security (section 67BH).

Removing these provisions would make the child care system less flexible, particularly for a cohort of families experiencing difficult circumstances. For example, where a parent has left an abusive relationship and does not have immediate access to their personal documents (such as their TFN), delaying their application for CCS would be detrimental and harsh. In such situations, allowing the parent 28 days to provide their bank account details and TFN is a small and reasonable measure. ECA does not support the removal of this measure from the Family Assistance (Administration) Act.

It is important to note that, while some families in difficult circumstances may be able to access immediate fee relief through an alternative channel - the Additional Child Care Subsidy (ACCS) - this is only possible in a situation where the family has disclosed its circumstances. Some parents will not



feel comfortable discussing their personal circumstances, and/or will feel stigma about being assessed for ACCS. For these parents, allowing a four-week period in which to locate and provide their bank account and TFN details for a 'mainstream' CCS claim is entirely reasonable.

2. Amendments that require clarification

The proposed amendments to the treatment of third party payments in calculating CCS (items 22 and 23) are welcomed by ECA, but require clarification on the treatment of non-government subsidies.

These amendments seek to remove the punitive treatment of third party payments (ie fee subsidies) in the calculation of CCS. This is a very positive proposal, which would allow families to receive the full benefit of fee subsidies provided by non-Commonwealth entities. However, ECA seeks assurance that the 'prescribed payments' of the new subclause 2(2A) extend beyond state and territory government payments to also include payments by non-government entities.

For example, if a philanthropic organisation seeks to provide child care fee subsidies for a targeted group of families, these subsidies should receive the same favourable treatment proposed for state and territory government payments. ECA recommends that the Committee seeks clarification from the Minister that the new treatment of 'prescribed payments' will also apply to non-government entities.

3. Further work

ECA supports an ongoing process of identifying and correcting the negative impacts of the Child Care Package. ECA notes that families, early childhood education and care services and the formal evaluation process have identified additional problems with the Child Care Package, and that these also require immediate attention. Chief among these are:

- The administrative complexities and inconsistencies surrounding the use of ACCS
- The impact of the Child Care Package on former Budget Based Funded services
- The effect of the parental activity test on children's participation in early learning and care.

ECA urges the Government to address these problems as soon as possible, through further consultation and legislative amendment.