

Response to family Assistance Legislation Amendment (Jobs for families Child Care Package) Bill 2015

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- 1.** The SDA has over 200,000 members. These members work in the retail, fast food, hairdressing, beauty, modelling, community, pharmacy and warehousing industries.
- 2.** All of these workers are low income earners. Most live in low or middle income families.
- 3.** The SDA views matters such as child care through this prism.
- 4.** In doing so we apply the following key principles:
 - all people are entitled to be able to live decently with dignity,
 - the family is the core unit of society and government policy approaches must take this into account,
 - in the provision of child care the best interests of the child must be the foremost and paramount concern,
 - all families should have the right to access quality and affordable child care if they wish to do so.
- 5.** The SDA has considered the draft legislation.
- 6.** We emphatically say that decision making in the area of child care must be driven in the first instance by what is in the best interests of the child.
- 7.** We are pleased to note that the Explanatory Memorandum (EM) recognises this principle. Childcare can play a vital role in the development of Australian children and their preparation for school.
- 8.** We are also pleased to see that the Explanatory Memorandum recognises the right of every child to a standard of living adequate to the child's physical, mental, spiritual, moral and social development.
- 9.** The SDA also recognises that the lack of access to affordable quality child care is a significant barrier to workforce participation.
- 10.** The Regulation Impact Statement (RIS) identifies five key problems with the child care system;
 - complexity,
 - affordability,
 - accessibility,
 - lack of flexibility,
 - poorly targeted programmes.
- 11.** We agree that each of these problems need to be dealt with.

- 12.** In view of the above the SDA supports the objectives of the government as described in the RIS to:
- simplify and streamline the system,
 - improve affordability,
 - improve access and flexibility, and
 - better target assistance.
- 13.** The fundamental question is whether the proposed legislation meets the stated objectives.
- 14.** We have reservations in regard to the objective to reduce the regulatory burden. We will return to this later.
- 15.** The SDA supports the proposal to create a single child based subsidy.
- 16.** We strongly support the principle of government payments being means tested.
- 17.** We endorse the case that such subsidies should support up to 100 hours of care per fortnight.
- 18.** We strongly support the position that government provided subsidies should only be available where the childcare service satisfies the requirement of the National Quality Framework.
- 19.** We support the principle of an activity test, provided it fully takes into account the diversity of childcare needs.
- 20.** We agree with the decision to exclude grandparents from the test.
- 21.** The proposal to make the payment direct to the centre or carer is supported.
- 22.** The RIS correctly identifies that childcare is becoming increasingly unaffordable for families.
- 23.** Without financial assistance many families would find the cost of childcare prohibitive.
- 24.** The RIS correctly points out that the level of provided fee assistance has not kept pace with the increase in fees and that the existing system place little downward pressure on fees.
- 25.** The high demand and the high costs continues to make childcare very difficult for many families to access.
- 26.** In our view the proposed cap on subsidies is unrealistic.
- 27.** The cap as proposed will deliver subsidies of little more than \$100 per day for a long day care place.

- 28.** It is very difficult to find long day care for less than \$100 a day and in some parts of Sydney and Melbourne the daily cost is nearly double that.
- 29.** There should be increased financial support for low and middle income families.
- 30.** It is clear that there is a great need for additional funding to be available in the child care space if quality child care is to be accessible and affordable for all families who wish to access it.
- 31.** We are concerned that the legislation does nothing to try and limit price rises in this area.
- 32.** Under the proposed legislation there is a serious likelihood that "gap" fees will continue to rise, pricing even more families out of the formal childcare system.
- 33.** Many retail workers are employed on a part time or casual basis, often outside regular working hours. Casual hours may fluctuate during the course of the year.
- 34.** There may be times of the year when it is more in demand than other times. For example in holiday resort areas there is more employment available at certain times of the year and the demand for care may be greater at those times.
- 35.** Casual and part time workers may need access to child care but the requirement to take a full place is neither practical nor affordable.
- 36.** As such these workers face enormous pressures finding childcare, especially centre based care which adequately caters to their needs.
- 37.** The system needs to be more flexible so that part time and casual workers can have their childcare needs met more effectively and efficiently.
- 38.** The system needs the flexibility to cater for these needs.
- 39.** There is a need for centre based care to be available on a part time basis during the day.
- 40.** We are concerned that the proposed legislation does not address this point.
- 41.** Unless this matter is addressed the capacity of many women to participate in the paid workforce will be limited.
- 42.** The system has previously recognised that for a variety of valid reasons parents sometimes wish to utilise childcare services for non-work related reasons. There should be scope in the system to allow for this going forward.
- 43.** Parents sometimes wish to utilise occasional care services for a variety of valid reasons. There should be some scope in the system to allow for this going forward.

44. It should be noted that current occasional care providers usually only provide services in line with school term dates, thereby making occasional care unavailable for 12 weeks per year.
45. The government has accepted the premise that the provision of child care must be primarily based upon the needs of the child.
46. While many families need to utilize care, and child care can be a productive experience for children a balance needs to be maintained.
47. Most parents who do access formal child care, tend to limit their usage of it. Of all children receiving formal care most do so for about 2 days per week. Only a relatively small number utilize it for 35 hours or more in a week and very few utilize it for 45 hours or more each week. There are clearly a range of factors at play here.
48. There is a clear relationship between the age of children and whether they are in any sort of formal child care arrangement at all. The use of formal child care for very young children is low, with only a small minority of children less than one year of age receiving such care.
49. These facts are hardly surprising given that an increasing amount of evidence is emerging to suggest that child care, especially for very young children is not desirable.
50. The OECD Report, "The Child Care Transition", questioned the use of child care for children under 12 months, saying that child care which is too early and too long can be damaging.
51. "The younger the child and the longer the hours the greater the risk".¹
52. "In some instances and for some children, the long term effects may include depression, withdrawal, inability to concentrate and other forms of mental ill-health."²
53. Early childhood expert Elspeth McInnes says that Australia is hampered because we treat childcare as a labour market device to allow parents to work rather than encouraging it to be a quality experience for children in its own right".³
54. It is therefore, not surprising that many parents, especially those with very young children, choose to not use at all, or use sparingly formal child care.
55. Funding arrangements must be flexible enough to meet the need of all families.
56. While nationally it may be arguable that Australia has sufficient child care places, there are still areas of high local need, especially in rural and remote communities.

¹ Unicef Innocenti Report Card 8 'A League Table Of Early Childhood Education & Care In Economically Advanced Countries', 2008

² The Australian, 12/12/2008

³ Op Cit

- 57.** In the provision of childcare there needs to be a proper planning process which links need and cost in order to ensure maximum return for investment in infra structure and to ensure children's services are provided where they are necessary and on an equitable basis for all families. Childcare facilities need to be established where there is real need.
- 58.** Childcare funding should be limited to funding approved childcare services.
- 59.** The SDA strongly supports an effective and robust NQF system.
- 60.** Maintenance of an effective quality system should not be seen as "imposing Regulation" but rather as ensuring the continued well-being of children.
- 61.** Parents should be free to make a choice to use "nannies".
- 62.** We do not support the proposal to exempt nannies from the NQF.
- 63.** This recommendation opens up the opportunity to deregulate the system in ways which would potentially undermine the NQF and destroy the quality of care.
- 64.** We do not believe there is any good reason why services should ever be permitted to operate with staffing levels below required ratios. Nor should there be capacity to employ unqualified staff on a "probationary" basis. These steps are the thin edge of the wedge to allow services to operate with less quality staff.
- 65.** If families are to receive childcare assistance for utilisation of nannies then the nanny must meet the National Quality Standards. Such standards, as a minimum must include a relevant Certificate 111. The same staff ratios that apply to family day care would need to apply.
- 66.** There should to be appropriate industrial coverage and protection for "nannies".
- 67.** The availability of quality and affordable outside school hours' care is a major concern for many working parents.
- 68.** Outside school hours care should be subject to the National Quality Framework, modified in this area to ensure recognise the nature of the care.
- 69.** The SDA supports extending the scope of the NQF to all centre and home based care services. We believe this would improve overall quality of provision of childcare.
- 70.** The NQF sets down basic standards which are fundamental in ensuring quality care.
- 71.** We recognise that such standards need to be tailored to the different types of care.
- 72.** We support a nationally consistent approach to working with children.

- 73.** The SDA is strongly opposed to the proposition that changes to childcare will only proceed if cuts are made elsewhere to family support payments.
- 74.** We start from the position that all families must have a minimum standard of living and any cuts to current payments which would jeopardise that outcome are “anti-family’ and unacceptable.
- 75.** A considerable number of families are today facing substantial economic difficulties.
- 76.** The government has a responsibility to ensure that all Australians have sufficient income, and where necessary, financial support to enable them to live decently and with dignity.
- 77.** Having and raising children places great financial and social pressures upon parents and families.
- 78.** According to the National Centre for Social and Economic Modelling, the typical Australian family in 2007 would have paid \$537,000 to raise a child from birth to age 21 years. ⁴
- 79.** The costs of children increase with their age and are also related to the overall family income and the attendant lifestyle of the family.
- 80.** The Australian Institute of Family Studies found that having one child reduced a woman’s average lifetime income by \$162,000.⁵
- 81.** A large number of Australian families are living below, or close to, the poverty line.
- 82.** Families with children are more likely to be living in poverty than those without children.
- 83.** The larger the family the more likely it is to be facing financial hardship. Those with three or more children are twice as likely as those with one child to be living in poverty.
- 84.** A much larger proportion of families with children are living on incomes that are just above (less than 10% higher than) the relevant Henderson Poverty Line (HPL), suggesting that a more substantial proportion of families are at risk of poverty. Henderson regarded those with incomes of less than 20% above the HPL as ‘poor’.
- 85.** Poverty places families under enormous strains. The absence of adequate disposable income means that families may not be able to meet the basic needs of their members.
- 86.** In turn this may well lead to social isolation, feelings of lack of control, low status and low self-esteem.
- 87.** NATSEM suggests that children born into socio-economically disadvantaged families:
- often start with below average birth weight;
 - are likely to be less well nourished;
 - do less well in school;

⁴ AMP – NATSEM - AMP Income and Wealth Report, Issue 18, Anne Harding, NATSEM, December 2007.

⁵ NATSEM-*Personal Investor Magazine*).

- are more prone to sickness - with inadequate emphasis on prevention;
 - are more likely to become overweight and do less exercise than other children.⁶
- 88.** "Such children often start their lives with below average health, experience earlier onset of conditions and progression to more severe stages and, on average, die earlier than the rest of the population."
- 89.** Ultimately, poverty and the resultant fall-out can lead to social alienation and division. Families or individuals in poverty are inimical to the development of a socially cohesive nation.
- 90.** Growth in poverty has a deleterious impact upon families and the individuals therein. It leads to problems in areas such as community safety, educational achievements and health. Apart from the direct impact on the people affected, crime impacts upon the rest of the community in greater risks of danger, increased insurance premiums and greater costs in maintaining community and personal security.
- 91.** The provision of income support to families this should be seen by the government and the community as a long term investment in the future of the nation.
- 92.** *"Social security is very important for the well-being of workers, their families and the entire community. It is a basic right and a fundamental means for creating social cohesion, thereby helping to ensure social peace and social inclusion. It is an indispensable part of government social policy and an important tool to prevent and alleviate poverty. It can, through national solidarity and fair burden sharing, contribute to human dignity, equity and social justice."*⁷
- 93.** Low income families are very reliant upon adequate government payments to make ends meet.⁸
- 94.** Without these payments many more families would be in poverty and many low income working families would be better off relying totally on social security. Public education and health services also play a hugely important role in income redistribution.
- 95.** For SDA members and their families, an effective social welfare or social security system is critical.
- 96.** Income support payments from government often make the difference between whether low income families can enjoy a basic but reasonable standard of living or otherwise.
- 97.** Government payments have helped many low income families escape poverty. Nevertheless, there are still large numbers of Australians, many of them children, living below the poverty line.

⁶ AMP-NATSEM Income and Wealth Report "Health and Income in Australia", Agnes Walker, Simon Kelly, Anne Harding, Annie Abello, April 2003

⁷ International Labor Organisation, Report of the Committee on Social Security, Conclusions Concerning Social Security, 6 June 2001.

⁸ ABS Income Distribution - 6523 - 1999-2000.

- 98.** As such, maintenance and improvement in our family payments and support structures is critical if large numbers of families are not to fall back into poverty and if those below the poverty line are to be given a better chance at a reasonable standard of living.
- 99.** The SDA is also totally opposed to the changes to Paid Parental Leave being pursued by the government.
- 100.** Paid Parental Leave was a great step forward for many families.
- 101.** Recent research shows that many families will be considerably worse off if changes proposed to paid parental leave by the government are implemented.
- 102.** The research, commissioned by Fair Agenda and conducted by the Sydney University Women and Work Research group, shows mothers who work in jobs such as healthcare, teaching and retail could lose between \$3,492 and \$10,512 under the proposed changes.⁹
- 103.** The SDA is totally opposed to any linkage between increased childcare payments and decreases to other areas of financial support to families.
- 104.** Childcare reforms should stand on their own.

⁹ The Age Newspaper, 15 January 2016