



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

EDUCATION AND EMPLOYMENT LEGISLATION COMMITTEE

**Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2016, Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2016**

TUESDAY, 4 OCTOBER 2016

MELBOURNE

BY AUTHORITY OF THE SENATE

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**SENATE**

**EDUCATION AND EMPLOYMENT LEGISLATION COMMITTEE**

**Tuesday, 4 October 2016**

**Members in attendance:** Senators Jacinta Collins, Hanson-Young, Kakoschke-Moore, Lambie, Marshall, McKenzie, O'Neill, Paterson, Siewert.

**Terms of Reference for the Inquiry:**

To inquire into and report on:

Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2016 and Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2016.

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**Committee met at 09:58**

**ACTING CHAIR (Senator Jacinta Collins):** I declare open this Education and Employment Legislation Committee inquiry into the Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2016 and the Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2016. I welcome representatives from the Australian Home Childcare Association. The listed representatives from The Parenthood will be arriving shortly; we will deal with the Australian Home Childcare Association first, rather than in tandem, as was proposed.

Information on parliamentary privilege and the protection of witnesses and evidence has been provided to you. The committee has the Australian Home Childcare Association's submission, which it has numbered submission 22. I invite you to make a short opening statement, and, at the conclusion of your remarks, I will invite members of the committee to put questions to you.

**Ms Randall:** Thank you for the opportunity to speak today. Today I am going to focus on the most important issue for in-home care families and the services that run this program: the removal of in-home care from the list of approved providers in the current jobs for families package. I will highlight that, consistent with many other submissions in this inquiry, AHCA also holds concerns about the activity test, the design of the additional childcare subsidy, the overall focus of the package on workforce participation at the expense of early education, and the design of the Community Child Care Fund.

The in-home care program has been successfully operating for more than 15 years. The program was designed to provide care and support to those children who were falling through the cracks of the formal mainstream childcare safety net, including shiftworking families, rural and remote families, and parents and children with an illness or disability. This has since evolved with an additional focus on children who are marginalised and deemed to be at risk of harm, abuse or neglect through the expansion of the special childcare benefit in 2009. In-home care naturally targets vulnerable children. In-home care is currently an approved service with strict eligibility criteria capped to approximately 5,600 equivalent full-time places. There are approximately 62 services nationally which provide care to more than 6,000 marginalised children each week. As many in-home care placements are shorter term, with eligibility being reviewed every six months, the service has the potential to impact a much greater number of Australian children.

These are children like Jake. Jake has very high medical needs. He requires oxygen and a BiPAP machine and 24-hour-a-day care. Jake cannot attend child care. His mother suffers from depression. She has two other children that also require daily care, including simple things like being taken to and from school, which is a hard task with Jake's equipment. With in-home care, Jake can be left at home with a trained educator. In-home care allows his mother to meet the needs of her other children and also maintain her mental health. In-home care also allows Jake to access early education he otherwise may not be able to. The family does not meet the activity requirement of the Nanny Pilot Program, and the NDIS does not provide support for his medical needs.

Cara is a primary school aged child with autism. Her parents are separated. Cara's therapists indicate that after-school care is not in the interests of her mental health. Furthermore, Cara's school have expressed that they are unable to care for Cara. Cara's mother was at risk of losing her job multiple times due to having time off to care for Cara. She desperately waited for in-home care for more than six months. Cara's mother expressed that the Nanny Pilot Program is too expensive with just one child and she was concerned about the training of her nanny versus the in-home educator.

We have many other examples of shiftworking families, refugee families, children with a disability and grandparents who indicate they may give up custody arrangements without in-home support. We ask: what will happen to these children if this bill should pass? Is a token assurance from the department to the sector that the minister's rules allowing for a new home based program to receive childcare subsidies enough to guarantee that the most vulnerable children in Australia will not be left without access to early education and care? AHCA believe it is imperative that the in-home program continues as a legislated inclusion as an approved service and be provided access to the CC and ACC subsidies, as other currently approved services will be under the bill.

Furthermore, approved in-home care forms an important contribution by the federal government to the national child protection framework. Services cite instances where child protection authorities utilise in-home care as a means to protect children and keep families together as a unit. The government is, in effect, abandoning this marginalised segment of the community.

It is our understanding that, when in-home care was set up, it was done so recognising that all Australian children were deemed to be equal. As such, each child—no matter whether marginalised, at risk, suffering from illness or incapacity—has a fundamental right to access to the child care program that belongs to and is provided by the federal government.

AHCA understands the Nanny Pilot Program is a trial towards increasing flexibility in early education and care options for families. We support investment into the ability for these families to access home-based care; however, we question the efficacy and logic behind designing a new program with lower quality standards when the current program, with an expansion of capped places and revision of eligibility criteria, could meet the needs of shift working, rural, remote and vulnerable families. AHCA has long advocated for the expansion of the program to satisfy unmet demand, and also for it to be included under the National Quality Framework.

In-home-care is a very small, but very important, part of Australia's child care system, and we urge you to consider the importance of the in-home care program. We ask you to question the legality of its removal from the list of approved child care services from a human rights-rights of the child point of view, as a measure of social justice for a marginalised child at risk and perhaps from a good common sense point of view—that a program that represents just one half of one per cent of the national child care budget could be so arbitrarily struck from the list of approved services available to Australian children. Thank you.

**ACTING CHAIR:** Can you describe for us the existing arrangements, so we understand the change in the proposed legislation?

**Ms Randall:** In-home care is an approved service under the current legislation.

**ACTING CHAIR:** It is in the legislation itself?

**Ms Randall:** Yes.

**ACTING CHAIR:** It is not left to a delegated instrument of some type?

**Ms Randall:** My understanding is that it is a listed approved service.

**ACTING CHAIR:** And the legislation currently has a list of approved services, but in-home care is no longer one of them?

**Ms Randall:** Yes.

**ACTING CHAIR:** You have been operating for 15 years?

**Ms Randall:** Correct.

**ACTING CHAIR:** And the nanny trial was, contrary to your suggestions, set up as a quite distinct trial?

**Ms Randall:** Yes, it was.

**ACTING CHAIR:** I am paraphrasing what I think you said earlier, which was that you had advocated for expansion of the in-home care program to accommodate the needs that the nanny trial had sought to address.

**Ms Randall:** Yes. At the design stage of the nanny trial, AHCA did make a submission to the department with a framework for expanding the in-home care program.

**ACTING CHAIR:** Can you tell us what consultation or advice has been given to you about a new home-based program? I think you said in your opening statement that would be provided for under ministerial rules.

**Ms Randall:** We have just been told that there will be some form of home-based program, but we have not been told any specific information about that.

**Ms Morgan:** It is not listed in the bill.

**ACTING CHAIR:** No, but you mentioned that ministerial rules would provide for it.

**Ms Randall:** Yes, we have been told by the department that there is the allowance to add further services to receive the child care subsidies under the ministerial rules.

**ACTING CHAIR:** You also mentioned in your opening statement that concerns around the design of the Community Child Care Fund. Could you elaborate a bit on that point, please.

**Ms Randall:** We are concerned that smaller services may not have the background and the skills to compete against large services and corporations when competing for competitive grants.

**ACTING CHAIR:** So to attract additional support which would not be available under the mainstream arrangements you needed to compete with other organisations, and there were not provisions made specifically for this capped program with quite precise eligibility criteria, then you would not be in a position to compete?

**Ms Randall:** Yes. It is often hard for smaller services. There are some in-home care services that only service around 30 to 40 families. Their capacity to compete against services which might have 500 or 600 families and a much larger funding base might be difficult.

**ACTING CHAIR:** This is partly by virtue of in-home care's focus on rural, regional—those sorts of market-failure-type areas?

**Ms Morgan:** And the capping of the places, too.

**Senator PATERSON:** Correct me if I am wrong, but I understand that in-home care is being reviewed separately from this package?

**Ms Randall:** We have been told that in-home care will be reviewed in conjunction with or against the Nanny Pilot Program. That is correct.

**Senator PATERSON:** My understanding is we hear all the concerns you are raising today but many of the things you have raised have not yet been decided and the government has not announced anything in that area yet, that this is something of concern that could happen but has not yet happened and does not happen in this bill. Is that a fair summary?

**Ms Morgan:** It is, but we were listed in the previous legislation and we have been omitted, so our cause for concern is the omission and what has instigated that omission.

**Senator PATERSON:** Right. My understanding is that it is just being reviewed as a separate process. It may be—and hopefully, I guess, from your perspective—that your concerns will be addressed through that review process and you will be accommodated elsewhere.

**Ms Morgan:** Yes.

**Ms Randall:** We absolutely understand that but, at the same time, there are no guarantees around the nanny pilot program either. We are concerned that the families we currently service will be left behind if the nanny pilot program does not eventuate further.

**Senator PATERSON:** Understood.

**Senator HANSON-YOUNG:** Previously, or at least under the way it currently works, some of the families that you provide services to and care to are eligible for CCB and CCR. Is that right?

**Ms Randall:** Yes. All the families who are deemed to meet the in-home-care eligibility criteria can access the CCB and CCR for care in the home.

**Senator HANSON-YOUNG:** I can understand why you are worried. This entire package is about reforming those payments. Those payments will not exist, effectively. There is going to be a new payment and if you are not even listed, what does that mean?

**Ms Morgan:** Correct.

**Senator HANSON-YOUNG:** Have you had any communication from the minister's office or the department, about those concerns, as to why? I understand you are raising the questions here today.

**Ms Randall:** We have not had any clear communication that gives us a pathway or a direction or certainty for those families.

**Senator HANSON-YOUNG:** How many families access the in-home care program?

**Ms Randall:** We are estimating there are about 6,000 children per week. Those estimations are taken from the 2013 workforce census and also from looking at the Productivity Commission report.

**Senator HANSON-YOUNG:** Could you give us, perhaps, a bit of a case study on the types of families who access the in-home care programs?

**Ms Randall:** It does range from families who are shiftworking—you might get families such as nurses, police officers and so forth who work rotating non-standard hours—all the way to families who are involved in the child-protection system. One of our services has given us an example, here. This one is a single mother with a history of trauma and mental-health issues, including disassociation episodes, severe depression and self-harm. The mother and child had been involved in a domestic violence situation prior to registering with in-home care. Child Protection were considering removing the child if in-home care support was not provided in the home.

**Ms Morgan:** That is a fairly common one for my service. We work a lot with psychologists and mother and baby units, and lots of families where there have been mental-health issues, that are medicated prior to falling pregnant. Then, when they are pregnant, their stability is altered. We transition a lot of families back to mum's safe mental health. That is quite a common scenario that we would deal with.

**Senator HANSON-YOUNG:** So the idea of those families, or indeed your educators and people who are working in the home, not having the certainty that the service would be funded under a subsidy—

**Ms Morgan:** Mum would be hospitalised and the children, most often, would be removed for the period to determine whether or not they would be allowed to go home again. If not, sometimes dad loses his job, because he cannot work to keep the children, and it is just a bit of a snowball effect. If you are not there as a little bit of a safety measure, to help them limp through the bad periods of their lives, everything else falls apart.

**Senator HANSON-YOUNG:** And, obviously, trying to provide as much stability for those children as possible.

**Ms Morgan:** Yes, in their own home.

**Senator HANSON-YOUNG:** I imagine there is quite a bit of, almost, mentoring in that situation, in terms of parenting, and so you get those add-on effects.

**Ms Morgan:** You do. And the educators have to provide services. It is our responsibility, ethically and educationally, to support them and to provide the professional development to keep them at a level where they feel they are capable of dealing with the situation and notifying us.

For example: if there is a mum harming a child, it is a very difficult thing to do, to do that. You need to be pretty sure of yourself because, once again, that leads to certain things. So the educators need to be at a very trained and experienced level for us to utilise them in these situations. They cannot be young girls. You would not want that for your own family, would you?

**Senator HANSON-YOUNG:** No. Of course, in terms of the cost of delivering that service that would then mean it is not a cheap service to deliver?

**Ms Morgan:** That is right, yes.

**Senator HANSON-YOUNG:** But, obviously, you are saving government money at the end of the day because you are not having these kids taken out. They are not being put into state care and you do not have all those knock-on effects that—

**Ms Morgan:** And they are not on welfare and unemployment benefits et cetera.

**Senator HANSON-YOUNG:** Yes. So we have a kind of sense of what a family is paying for that type of service, can you give us an outline of what it costs?

**Ms Morgan:** Sure.

**Ms Randall:** So, for the full fee the family would then receive the childcare benefit and rebate taken off this fee. I am aware that it ranges from about \$25 an hour and can be up to the \$40- to \$50-an-hour mark. But that would be for the more complex, very high-need cases.

If you compare it to something, for example, along the lines of charge-out rates in NDIS, I believe they are around the \$40-an-hour mark. Services do work on both a contractor model and a direct-employment model, and that can change the costs as well.

**Senator HANSON-YOUNG:** Can I just tease that out? Obviously, there is this review of the pilot nanny program. Just to make it absolutely clear: that is separate. It is funded separately—it is a separate pool of money to the money that has been budgeted year in, year out for donkey's years for the in-home care program?

**Ms Randall:** Correct.

**Senator HANSON-YOUNG:** So if the government is reviewing the nanny pilot program, you have to ask questions about why, then, all in-home care is now removed from reference in this legislation?

**Ms Morgan:** Yes.

**Senator HANSON-YOUNG:** Yes. Has your organisation been asked by the department to participate in the review of the nanny pilot program, seeing as it is very similar work—even though it is a totally differently funded program?

**Ms Randall:** At this stage we have received correspondence that we may be asked, but as the association we have not been asked anything yet. I am aware of one in-home childcare service that has been interviewed. Our understanding was, though, that it was not widespread.

**Senator HANSON-YOUNG:** You are one of the peak bodies for in-home care—

**Ms Randall:** Yes, we are.

**Ms Morgan:** We are the peak body, yes.

**Senator HANSON-YOUNG:** Right.

**ACTING CHAIR:** Just on that point: have you participated in a review of in-home care recently?

**Ms Randall:** No.

**Ms Morgan:** No.

**Ms Randall:** We do not believe that in-home care has been—

**Ms Morgan:** On the radar.

**Ms Randall:** Yes—reviewed at all.

**Senator HANSON-YOUNG:** I think this is this conflation of the two issues, isn't it? Last question: as the peak body representing in-home care, what is your view of the nanny pilot program?

**Ms Randall:** I think we welcome further investment into home based care, because we can see the benefits of it. We would like to see a program that has higher quality standards and increased regulation—something similar to what in-home care has. And we would like to see a program that would actually service those vulnerable families. At the moment, the nanny pilot program has a strict activity test associated with it, and that would not be workable for the majority of families that utilise in-home care.

**Senator KAKOSCHKE-MOORE:** I have a couple of question just flowing on from your opening statement. I did not quite hear properly, but did you say that in-home care does fall under the NQF, or—

**Ms Randall:** No, it does not fall under the NQF. AHCA would like to see it fall under the NQF.

**Senator KAKOSCHKE-MOORE:** Okay.

**Ms Morgan:** And we do abide by a lot of that regardless—just as a standard level for our—

**Senator KAKOSCHKE-MOORE:** Yes, best practice—

**Ms Morgan:** Exactly.

**Senator KAKOSCHKE-MOORE:** Okay. You also mentioned that for a lot of the families in-home care looks after ones with possibly some quite complex care needs. What sort of training do your educators have to help them cope with that?

**Ms Morgan:** A majority of the carers who work with my service, for example, are all diploma-level trained, so they could all be room leaders in childcare centres. If we have a medical requirement then most of the time the girls will have enrolled nursing training as well. And it just depends: we have lots of issues of sleep apnoea, where you have machines; we have lots of feeding tubes. There are lots of different reasons children come home from hospital unwell, who we help transition back to health. So it would depend on whatever is required. We will not take on a family we cannot help in a safe way.

**Senator KAKOSCHKE-MOORE:** Are there any other services that would offer that same sort of support to a family who might be leaving hospital with a child who has got—

**Ms Morgan:** Not that I am aware of, and certainly not that the social work industry would lead you to believe.

**Senator KAKOSCHKE-MOORE:** What proportion of in-home care clients are families with children with a disability or high-care needs? Would it be the majority, or the minority?

**Ms Morgan:** Certainly it would be at least a fifty-fifty scenario, from my experience. That would be either disability or medical needs, or parents with an illness or a disability. We have situations where there might be a lot of families where there might be a mother or a father with cancer, and we might come in through their treatment period, through the palliative stage, and we might transition a family from the death of a parent through to the other side.

**Senator KAKOSCHKE-MOORE:** It sounds quite full-on for your educators.

**Ms Morgan:** It is, yes.

**Senator KAKOSCHKE-MOORE:** You also mentioned the support that you give to child protection organisations. Do you have a formal relationship with any of the state based child protection agencies?

**Ms Morgan:** No. It is on a referral basis, really. They contact you to see whether you have a placement available. Because we are such a capped industry, often we are turning away people who are in dire need, to be honest with you.

**Senator KAKOSCHKE-MOORE:** If the cap was not there, how many—the cap was 5,600 places for children? The cap is child based, not family based?

**Ms Morgan:** Yes.

**Senator KAKOSCHKE-MOORE:** If the cap was not there, how many children do you think would access your service?

**Ms Morgan:** I think there is a huge number of children who fall along the way who we do not service because we cannot. I have a very small service, and I would turn people away on a daily basis.

**Ms Randall:** I have spoken to other member services of AHCA who have said that they have been running at capacity for over 10 years. At the service I work for we have families who will wait up to 18 months for service.

**Ms Morgan:** And in that time a lot can happen.

**Ms Randall:** Yes.

**Senator KAKOSCHKE-MOORE:** Are there any age restrictions for the service that you provide for the children?

**Ms Randall:** That would be dependent on their eligibility for childcare benefit. At the moment they can meet those high-score children's needs if necessary.

**Senator KAKOSCHKE-MOORE:** You mentioned that one of the services can cater to 30 to 40 families. Is that a small pool of families that you are dealing with, or a large—

**Ms Randall:** That would be a smaller service.

**Senator KAKOSCHKE-MOORE:** At the upper end, what would that be?

**Ms Randall:** I believe there are some services that have up to 300 places, and that is just my belief.

**Ms Morgan:** They are variant on families having one, three, five children. And we do fluctuate. Sometimes you might have a lot of families, for example, that have only two children in the family, and then you might have a lot of families that have four children in the family, and it does fluctuate. But those bigger services would be dealing with at least 200 to 400 children on a rotational basis.

**Senator KAKOSCHKE-MOORE:** My final question is about regulation. How is in-home care regulated? Is it a self-regulating group?

**Ms Randall:** At the moment we have interim standards which services are required to abide by. Our understanding is that the Commonwealth government is—the people who take care of our compliance.

**Senator KAKOSCHKE-MOORE:** So, the Commonwealth government comes in—someone from the Department of Education comes in—and reviews the service?

**Ms Randall:** Yes.

**Mr Morgan:** Yes. We have a 12-month contract.

**Senator LAMBIE:** First of all, the capped: how long has there been a cap that has been put on? Does that change, with the numbers? Or is that the normal yearly cap that is put on the placements?

**Ms Randall:** There was a release of new places I believe in the second half of 2012. Before that, it was a long time before any other places were released.

**Ms Morgan:** And it is my understanding that those places were a recall on any unutilised places. So it might have been some rural areas that were not utilising them, or it might have been some of the council-run services that just decided that they were not going to run their in-home care sector anymore; they were focusing on family day care. So they were a take back, and then redistributed.

**Senator LAMBIE:** Is most of your take-up in the city, or rural areas? Just tell me about the split.

**Ms Randall:** We would have to get back to you with that information.

**Ms Morgan:** The majority is metropolitan. My service runs from Geelong through to Mornington Peninsula.

**Senator LAMBIE:** And your money actually comes out of this portfolio; it does not come out of the—I just noticed that you sort of have a dual job. Not only are you running sort of like a nanny service, or looking after children as light child care; you are actually doing a carer's job as well as that. Is that correct?

**Ms Randall:** Yes, but the care is focused around children.

**Senator LAMBIE:** Okay, but on your books you have trained psychologists and that sort of thing. You have a mixture, do you?

**Ms Morgan:** No, they are not on our books so to speak. They are not the educators we use in the home. But we are dealing with their psychologist, their medical team, their oncologists, their social workers, their maternal and child health team. They are the sorts of people we would liaise with to help our families.

**Senator JACINTA COLLINS:** I have just one final question in wrapping up your submission. We discussed yesterday some of the issues, and there has been media this morning about some of the issues around corruption and compliance with family day care, and I have been aware for many years that in-home care has been provided by local councils and the like in tandem with family day care. Although the Family Day Care Association could not tell us much, now, I gather, some of that connection in the past has dissipated to some extent. What is the history of corruption or compliance problems with in-home care?

**Ms Randall:** We have not been made aware by the department of any major corruption or compliance problems.

**Ms Morgan:** Certainly in my time on the committee I have never, and I have not heard of any situations in the past where anything has been raised either. With our capped places, let's say, for example, that you accidentally go over your cap by an hour or something—we submit a time sheet per child, so you might be submitting hundreds of time sheets per fortnight—you will be notified that you have gone over your capped places. So I would imagine that if that ever did happen the service would be required to reimburse the government.

**CHAIR:** Is there ever a case where care is claimed to be provided but that has not actually occurred?

**Ms Morgan:** No, because it is your service, so it is not individually run, like family day care, which can be individually run. So the service provider—Natasha and I—run our services, and with mine, I employ every one of them; they cannot get paid unless they submit a time sheet to me.

**Ms Randall:** And the parent must sign off on that. So in the end it would be up to the service provider to ensure that the care is taking place.

**CHAIR:** So I could not do a cosy deal with my girlfriend down the street?

**Ms Morgan:** No—unless you met all the criteria to register as an in-home educator.

**MANDERSON, Mr Roland, Deputy Director, Anglicare Australia**

**ZABAR, Mr Joseph, Director, Catholic Social Services Australia**

[10:35]

*Evidence was taken via teleconference—*

**CHAIR:** I welcome representatives from Anglicare Australia and Catholic Social Services Australia via teleconference. Information on parliamentary privilege and the protection of witnesses and evidence has been provided to you. The committee has Anglicare Australia's submission, which it has numbered 27, and Catholic Social Services Australia's submission, which it has numbered 28. I invite each of you to make a short opening statement. At the conclusion of your remarks, I will invite members of the committee to put questions to you.

**Mr Manderson:** Thank you. I have to say that I think the linking of these two bills is entirely arbitrary. If you link child care to hospital funding or income tax levels or age pension levels or sports funding, there is actually no intrinsic reason that the childcare package, most of which we warmly welcome, should be linked to the family payments regime. It is a choice government makes. As far as I am aware, government has never argued that drought assistance can only be sustained if we cut back on supporting people dealing with floods or bushfires. Nor have I heard any minister argue that veterans' entitlements should be cut to cover the increase in the cost of new aircraft. Of course, it is possible to say that government cannot deliver a fairer childcare scheme that provides social and economic benefits to the country as a whole unless the necessary money is taken from Australia's poorest and most excluded citizens, including its most vulnerable little children—it could say that—but that is in fact a choice. Let us not pretend otherwise. I cannot explain why the government has decided to make that choice.

I know that the childcare package, while a step forward in many ways, drops the ball on early childhood education for those kids most desperately in need of it and I know that people relying on income support are experiencing a fall in living standards while people on higher incomes are not. Some of the measurements in the family payments bill work against getting people on the edges of our society into work or participation in mainstream society.

Representing Anglicare Australia, I can talk with some confidence about the evidence and the insight that we have from our side on how that plays out. I will just move really quickly through a few key points we make regarding these bills. The Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2016 is intended to encourage more families, including jobless families, to increase their involvement in paid employment, but evidence from Anglicare Sydney's analysis of emergency relief data and from a PhD by then Brotherhood of St Laurence researcher Dr Eve Bodsworth here in Melbourne both found that single parents, mostly mothers, pursue work very industriously and often at the expense of their own wellbeing. The issue they have is in finding work with possible hours and finding child care. They do not need to be encouraged to look for work.

The government talks about using an actuarial approach to social policy—in other words, ensuring that policy decisions are based on evidence, in the government's case, drawn from analysis of government payments. The evidence from our network is that single parents want to work, that appropriate work is often not available and that child care is similarly often not available to them. So, rather than introducing measures that penalise people for failing to find work, or cutting childcare support for people with only intermittent work, we suggest that the government looks at what does support them. The other point to make about single parents living on low incomes is that it is difficult and profoundly stressful. I do not think that should be shrugged off. Not only is child care essential for parents in these circumstances if they are to be in work, but it is also essential if they are to be in a position to get work.

The other key factor here is the incredible value that high-quality early childhood education has for children, especially those at risk of starting school behind their peers. There is nothing to be gained for our society or for those young people if they miss out on the socialisation and the educational development they need to start school, because their parents are struggling and perhaps failing to behave as government expects. At present, children, whatever the circumstances of their parents, can get supported access to 48 hours of child care a fortnight. Two full days of child care at the very, very minimum is needed by those kids growing up in an environment which is not strong for them educationally or socially. This legislation does not guarantee that level of access.

A few weeks ago the government launched a priority investment approach to welfare. The idea is to invest where the difference in outcomes is most significant and long-lasting. There is nothing more important than small children getting a good start, and there is no rationale for limiting the crucial opportunities that come with child care for those little children most at risk—nothing! It is inexcusable. My advice, through you, to the government

is to get advice, to look at the evidence on what the best way is to give these kids the chance that they need and then design the policy and legislation to deliver that.

Moving on to the family payments reform legislation: again, it has a mix of measures, some of which Anglicare Australia support—and, indeed, welcomed when they were first announced—and some we cannot support. Our overriding concern, however, is that the government appears not to appreciate or be concerned about the growing gap in living standards and opportunity between most Australians and those who have been left behind, nor what the real consequences will be for those people, the communities they are a part of and, in the end, our society and our economy as a whole.

We understand the argument that the best way out of poverty is a job. But we have seen no evidence yet that punishing people for failing to find work, slowly eroding their level of income support compared to their rent and their growing cost of living—and compared to everyone else's pensions, wages and salary levels—makes it any easier for people to find work, or makes them any more likely to succeed in the search for the work. To the contrary, the evidence of our research across our network, such as our 2014 report, *Beyond supply and demand*—and I will leave it here for the committee to see—is that the measures that do assist people into work are much less punitive and more closely connected to the circumstances of the individuals involved.

As no doubt you have been told many, many times by the Business Council of Australia, as well as welfare organisations and independent economists, the level of income support is so low that it works against people finding employment. You might know that we, along with Catholic Social Services Australia and others, have long argued for an arms-length approach to setting the level of income support. We also understand that, if they were they given the chance to comment, such a decision would be supported by the Australian population more broadly.

If we can be sure people relying on income support did actually have enough to live on and were not going to go hungry and use up all their assets and savings—if they had any—in getting by day to day, then the notion of simplifying and reorganising some of the family benefits might have some attraction. But given the findings of the research we commissioned last year, *Living standard trends in Australia*, and earlier research on food and security—*When there's not enough to eat*, *Life on a low income* and *Going without*—the evidence we have is that none of the payments that the poorest people in our society depend on are superfluous by any means. It is also worth making the point that at the time where issues of social cohesion and connection are evident in Australia and across the world. Finding a way to keep teenagers, who may not be all that academically inclined, engaged in the education and training system should be a priority. To take income support away from their families just as the cost of supporting them grows would be ludicrous if it was not so destructive.

You have, in our submission and in many others, informed views of the impacts of these proposed measures. I think we understand that they are seen as both a cost saving and as a kind of driver to active employment, but it seems to us that none of the measures will save costs even in the medium-term as they simply shift the dysfunction, distress or inability of people to make a positive contribution to our shared communities. It just shifts it a little further down the road and further imbeds the unhelpful notion of welfare dependence in the process.

Nationally there are many more people looking for work than there are jobs. For those people with fewer skills—the least attached to the workforce—there are fewer positions available still. Ensuring that they and their family members have less to live on will not, in fact, help them find work. That is the point at issue here. To the creators of government policy it may appear to be a moral position: make people act as if they are working, ensure they have less money and somehow that will push them into finding work—sort of a tough love notion. I think the evidence is clear that this is not the case. It does instead undermine the ideas of equity, a fair go and reaching out for those doing it toughest. I suggest there is another moral position that is worth trying instead. Invest in the opportunities for people, provide the safety nets they need so they can look for and take up opportunities as they appear, fund the support services that help people battling with illness or a poor start, and ensure they have somewhere safe to live. That is the platform that most people will use, if given the chance, to find work.

Finally, I would like to remind the committee that the people affected by these bills are a small number of people. If the point is, in part, to cut down the cost of welfare, this is not the way to go about doing it. These bills set some of the least powerful people in our society back a long way. The cost, as a proportion of our national income or total government revenue, on our welfare budget is actually not high.

**CHAIR:** Thank you so much Mr Manderson. Mr Zabar, do you have a short submission?

**Mr Zabar:** I do and it will be brief. Thank you for the invitation to appear before this committee. Catholic Social Services is the Catholic Church's peak national body for social services. Our vision is for a fairer, more

inclusive Australian society that reflects and supports the dignity, equality and participation of all people. It is through this lens that we speak to the Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2016, currently before this committee.

I will keep my opening remarks brief and specifically to the bill affecting family tax benefits. This bill, if passed, will see almost \$6 billion taken out of the pockets of Australian families. This is on top of some \$3.6 billion in cuts from legislated family payment savings measures made since the 2014-15 budget. The significance of the proposed cuts to household incomes of Australian families outlined in this bill warrants closer attention by this committee. This is particularly so given that wages growth in Australia remains relatively low and the cost of raising a family continues to grow.

Understanding the impact of these proposed cuts is essential, because we know from research that inadequate income is a key factor in poverty and long-term disadvantage. That is why our submission has recommended that the committee seek and be provided with modelling which analyses the impacts of these cuts to family budgets as part of its deliberation process.

While we are concerned with the impacts on all affected households, we are particularly worried about the financial impacts on some of the most vulnerable households, namely lone-parent families. In 2016, the *Household, income and labour dynamics in Australia* report, commonly known as the *HILDA* report, found that poverty rates for lone-parent families were high. The report goes on to state that the probability of being in poverty is very high for children in lone-parent families. The report notes that the national child poverty rate is around 10 per cent; however, for lone-parent families this jumps to between 20 and 25 per cent.

This bill, if passed, would see around 114,000 single-parent families having their FBT payment rate reduced from \$2,830 to around \$1,000 for a youngest child between 13 and 16. It is difficult to reconcile, morally and economically, a policy which seeks to withdraw payments to the very people who are already vulnerable and disadvantaged. A number of our members, especially those living in regional and rural Australia, are reporting increased demand for services and support from families experiencing income stress. Putting further financial strain on people suffering income stress by cutting family payments will only cause harm to them, their children and the communities that they are in.

CSSA believes that we need to invest in families and children rather than withdrawing family supports to them. We also believe that part of this investment should be in providing Australian families, especially vulnerable and disadvantaged families, with access to affordable and high-quality child care. Investment in our children is essential for their wellbeing and the wellbeing of our nation. However, tying the investment in child care to cuts in family tax benefit is simply robbing Peter to pay Paul. Tying these two bills together is a policy choice made by government, which it can choose to reverse.

While we acknowledge the importance of the government's budget repair agenda, we do not accept that this should fall on those least able to deal with it. As the President of the Australian Catholic Bishops Conference recently stated, 'Budget repair should be achieved without unfairly placing the burden on the most vulnerable and disadvantaged in our society.' If this bill is passed, we believe it will cause harm to poor and vulnerable families now and into the future, and it is for that reason we remain opposed to the passing of it. Thank you.

**CHAIR:** Thank you so much. We will go to questions—just bearing in mind that we have about 10 or 15 minutes for questions for the lot of us.

**Senator JACINTA COLLINS:** Yes. Firstly, I would like to note the comments that Mr Zabar made about the limitations of this inquiry. Yesterday's hearings highlighted a range of issues about how these proposals might work, what the behavioural assumptions are, whether they are appropriate, whether they will indeed lead to results around people who have access to intermittent work, and what the other effects might be. This morning you have both addressed a range of those issues. Mr Zabar, you made a point similar to one I was canvassing people on yesterday: given we now have until June 2018, should we not be piloting these arrangements across a range of services to see what the real behaviour impact is?

**Mr Zabar:** Are you talking about whether we should pilot the reforms to child care?

**Senator JACINTA COLLINS:** Yes.

**Mr Zabar:** I do not have a strong view other than to say that for the issue of child care, there are some very positive elements to the childcare package that has been presented. As others have said, and I agree, there is no need for it to wait for the passing of the family tax benefit cuts in order to make it live. So, that is a choice by government. The government can choose to pilot, can start it right now, subject to the reforms that other experts in the field have already identified to the committee, I am sure. So from my perspective, I do not see any reason

why it should not start. I think to attach the family tax benefit funding to this bill is wrong, and we maintain that position.

**Senator JACINTA COLLINS:** Yes. Sorry, Mr Zabar, I have moved to a slightly different issue than the one you are addressing. Mr Manderson raised some of the issues that we were addressing yesterday: is 12 hours enough; is the activity test been applied in an appropriate way given the nature of, particularly, some of the vulnerable or disadvantaged children and their families and the nature of their workforce participation; and should those rules be changed?

**Mr Zabar:** Sorry. I take where you are coming from. We have not done a whole heap of work on that issue, but, certainly, from the information that we have gleaned and the responses that we have got from our network, certainly that activity test is something that needs to be changed, and that is consistent with what most of the networks have been saying anyway.

**CHAIR:** Why is that? Why do you think the activity test needs to be changed?

**Mr Zabar:** I think part of the problem is that we have people who are already vulnerable, and to have an activity test that precludes them from accessing child care when children in that vulnerability might actually benefit from that is probably something that we should actually deal with and move forward on. That is our view.

**CHAIR:** What about wealthy people using an activity test to have publicly subsidised child care while they are not looking for work, they are not job seeking, they are not studying and they may be attending Zumba classes et cetera. Is that something you would support?

**Mr Zabar:** That goes to the heart of who gets the support and where the cut-offs are.

**CHAIR:** It also goes to how we assess the activity test as well.

**Mr Zabar:** I am assuming, though, that if there is a need and people are particularly vulnerable and need that support, that is different to someone who is living in Mosman and wants to drop a kid off at child care while they do Zumba, because I am assuming that that person has the means in which to do that, so it is a slightly different case.

**CHAIR:** But we have people coming before the committee arguing that families on half a million dollars should be getting taxpayer subsidised child care as somebody who is from a vulnerable family. Is that something you would support?

**Mr Zabar:** If we are talking about a financial constraint that the budget is working through, I would actually give precedence to the poorest and the vulnerable over those that are on half a million, to be frank.

**CHAIR:** That is what this package is actually seeking to do, but anyway, sorry, Senator Collins.

**Senator JACINTA COLLINS:** Yes, if I could go back to my questions about how effectively this package might do that, that would be helpful. The two full days you referred to, Mr Manderson—we were discussing in some detail yesterday about the adequacy of 12 hours—I am interested in the experience of your agencies and what your response would be to what has been described as a compromise, which would provide for 15 hours rather than the 24.

**Mr Zabar:** I want to test that. I would be happy to do that across our network to find out what their response is. I certainly think that for a lot of kids, in the end, the more the better. The kids who are otherwise disengaged, otherwise do not have a good education environment at home, otherwise do not have many social development opportunities, then 15 hours is better than 12. Certainly, it meets the minimum of what two days really means, but let us not start compromising on the wellbeing of the youngest kids who need the best help into school. Let us start compromising somewhere else, with the people from Mosman doing their Zumba classes, and let us make sure we sink the resources into those kids who really need it to make a difference.

**Senator JACINTA COLLINS:** The question that we were canvassing yesterday, and I would be interested with the experience across your network, is would 15 hours actually deliver two full days? The concern there being that a range of the services are currently providing 12 hours sessional care and if that does not shift significantly under the new arrangements that might deliver a day and a half.

**Mr Zabar:** We are going backwards then, aren't we.

**Senator JACINTA COLLINS:** These are the sorts of things, I think, where it would be interesting to test the assumptions that have been made about how much change will occur in the sector, which has for many decades delivered 12-hour sessions of long day care and is not necessarily going to deliver two days, even on the compromise of 15 hours.

**Mr Manderson:** That is right. I guess that is my thought, but I am really happy to take it back and talk to our people across our network.

**Senator JACINTA COLLINS:** So you will take that on notice?

**Mr Manderson:** Yes, I will take it on notice.

**Senator JACINTA COLLINS:** Thank you. Time is short, so I will defer to others.

**Senator HANSON-YOUNG:** Through both of your submissions you say you do not like the coupling of paying for this childcare package with the cuts to the family tax benefit—and I understand that. What I would be interested in knowing is whether you have done any work, or whether you are able to do any work, as to which families will cop it at both ends—that is, people who will lose their entitlement under cuts to the family tax benefit and may also miss out on cheaper or even universal access to child care. I imagine there is going to be a group of people who will not get the benefit and who will cop the funding cut.

**Mr Manderson:** It is particularly going to be single parents who have a kid in their teenage years and then have some little ones as well. They are really going to get caught both ways. The cost of teenagers, as you know, is quite significant, and if you are trying to keep them engaged at school then there are other costs of participation. Generally people on income support, even if they have a part-time job, are on some top-up from income support as well. They are trying to pay their rent and they have not got the money for kids to do things at the stay-engaged level. Any cut there is going to make an immediate difference to what is happening to those kids; any cut of the childcare access is immediately going to make it harder for them to get any extra work. It is just going to—

**Senator HANSON-YOUNG:** For some people it will be a double whammy.

**Mr Manderson:** Yes. We have not done any modelling on who are the people who are going to get the double whammy, but of course there will be some people who will get a double whammy. In particular it is going to be people who are struggling anyway to keep their heads above water and fulfil their obligations across families, across kids, in getting work—this, that and the other. With people who are doing it tough, if they fall off the little bridge that they are struggling along then it is going to be very hard to get back up again.

**Senator HANSON-YOUNG:** There have obviously been a raft of cuts to family tax benefit that have already passed through the parliament; for example, those we had in the last sitting week with the omnibus bill. What is your response to those cuts? Do you think, 'Well, it's done now but it should end there'?

**Mr Zabar:** There is some really interesting data that the RBA did in 2014, which basically showed that the bottom two quintiles of family households do not save any money. That is the group that is going to be materially impacted by these cuts, and that will continue to flow through.

If you have a look at the latest CPI figures for the June quarter and you think about a family's composition and what they spend their money on, you see that health went up by 4.2 per cent, veggies went up by 2.1 per cent, insurance went up by 6.5 per cent, and secondary education went up by, I think, 4.6 per cent over the last 12 months. That is what they are dealing with. So taking money out of the pockets of that group is actually not going to do them any good at all, which is why we have argued that this has got to stop. They have already taken \$3.6 billion out of the system—somewhere in that order—in the last lot of changes that have come through. Now it is time to look at another way in which to find the funds.

**Senator HANSON-YOUNG:** Are there any suggestions from Catholic Social Services or, indeed, Anglicare as to where the government could be looking for savings?

**Mr Manderson:** Certainly we think the government should be looking for revenue. I would imagine that there are some savings for families in this legislation, to do with the family payments, that we do support. Some of the higher level reorganisation we are on the record as saying we support. So there are ways of making—

**Senator HANSON-YOUNG:** Trimming at the higher end?

**Mr Manderson:** Yes, absolutely. There are ways of being more equitable in terms of where the support does go, but I would think the main game should be to make sure that the investment goes to the people who desperately need the investment. We conducted some research last year on what is happening to the living standards of people on low incomes and others in Australia. The living standards of people on the lowest incomes are falling now. These measures are part of what is making the living standards fall. The more of these measures that get passed, the poorer those people who are being left behind will be compared to everybody else and compared, as Jo was pointing out, to their cost of living. So I am really happy to leave that for the committee to look at, as well.

**Senator PATERSON:** Mr Manderson, I am getting an inkling that you are not a big fan of the family tax benefit changes, given your evidence this morning. I am keen to discuss that with you in a moment. But, briefly, I want to first clarify: the childcare changes in isolation, what is your view on those?

**Mr Manderson:** I have a concern. I do not support any limiting or cutting back on the access to child care for the kids who are the most disadvantaged and the most vulnerable, even if their parents are not doing the things that some people say their parents should be doing. I think, in the end, let's look after those kids. They are the stepping stones for them back into society.

**Senator PATERSON:** Just to clarify: that is in relation to the activities test.

**Mr Manderson:** Yes, and the hours.

**Senator PATERSON:** So you do not think the activity of the parents should have any bearing on whether or not their children are receiving child care?

**Mr Manderson:** I think we have to look at child care as early childhood education for those kids. We want to get the best outcome for those kids. We keep saying, 'Let's not have intergenerational this, that and the other.' The way you do that is provide a pathway for kids.

**Senator PATERSON:** Just so we are clear, though: mum or dad could be down at the pub, and you would think that would be a reasonable activity for them to be—

**Mr Manderson:** I did not say that.

**Senator PATERSON:** That is what I am seeking to clarify.

**Mr Manderson:** Of course I did not say that.

**CHAIR:** What Senator Patterson is seeking to clarify with you, Mr Manderson, is: what is in and what is out for you.

**Mr Manderson:** What I am saying is: let's make sure that we fund the child care for those kids.

**Senator PATERSON:** Understood.

**Mr Manderson:** Let's not make it conditional on what the parents are doing.

**Senator PATERSON:** Exactly. So what that says to me is: the activity does not matter. It does not matter what the parent is doing during the time that they would not be taking care of the child. Whatever that is it is up to them; you just want to see them have the child care.

**Mr Manderson:** I think it is the same as school.

**Senator PATERSON:** That would include, therefore, being down at the pub.

**Mr Manderson:** That would probably include queuing up and trying to get the shoes fixed somewhere where they can get them done cheap enough. There are lots of things that they could be doing. It could be going off and doing something else with their family. There are lots of things they could be doing. What I am saying is: as soon as you link those things together, you are making a whole lot of judgements that are then impacting on the kids. I do not think that is the way to give a—

**Senator PATERSON:** Understood completely. But I still do not have a clear answer from you yet.

**Mr Manderson:** Yes, you have got a clear answer from me.

**Senator PATERSON:** Well, I do not think I have on the—

**Mr Manderson:** I have—I said it does not matter which one those is and I do not accept the poetic notion of linking it with people down at the pub drinking. I think that is facile and I think it is unhelpful.

**Senator PATERSON:** I do not think it is clear then what your view is about whether that is okay or not.

**Mr Manderson:** I am not saying it is okay; I am saying it should not cost those kids their child care.

**Senator PATERSON:** Should the design of the system allow for it?

**Mr Manderson:** The design of the system should give those children the educational opportunities they need.

**Senator PATERSON:** You are well rehearsed on that point, Mr Manderson.

**Mr Manderson:** It is the key point.

**Senator PATERSON:** It is not a direct answer to my question.

*Member of the committee interjecting—*

**CHAIR:** Sorry, Senator Lambie, everybody gets their go.

*Member of the committee interjecting—*

**CHAIR:** Senator Lambie, you can make your comments in your dissenting report, not over the table.

**Senator PATERSON:** I think we have tired of that issue. Let's go to the funding. If the government is not to fund it through changes to the Family Tax Benefit system, what is an alternative method that you—

**Mr Manderson:** I think family trusts could probably do with a little bit of tweaking in terms of making sure they get a bit more money out of some of those family trusts that people use as a way of tax avoidance, for example. I think there are lots of places we could look at for revenue. I do think there have been some savings already in some of these other sides of the family tax benefits which are pulling down some of the payments. I think that is a good move. I think it is about balance. So, yes, I think there is no shortage of places to find the income. It is a choice to decide to link them together.

**Senator PATERSON:** So in your view it should be funded by extra revenue—the government should collect extra taxes to fund it.

**Mr Manderson:** No. I gave you another example. I said that I think—

**Senator PATERSON:** What is the other one, sorry?

**Mr Manderson:** I already said that I think that some of the adjustments to the family tax benefits retrieves—so, while I am saying it does not need to be linked, if you are looking for a place where money is, there is some money that we have agreed is good money to put back into the system.

**Senator PATERSON:** Could you just expand on that quickly for me what you mean by those changes.

**Mr Manderson:** There are some elements to family tax benefits—that might have been over the last year or it might have been in this year, but some of the changes to the family tax benefits are reduced. Some of the family tax benefits go to people on higher incomes and accumulate to people on lower incomes.

**Senator PATERSON:** Agreed.

**Mr Manderson:** So I am just explaining that I am not just saying that it is about more revenue; it is about how a government chooses to—

**Senator PATERSON:** Agreed. So just to clarify: with those family tax benefits changes that you referred to, are they ones that have already happened or are they ones that are proposed to happen?

**Mr Manderson:** Personally, I am a little confused about where all the measures tie in and where ones are and where they are not, but I think they are probably both.

**Senator PATERSON:** Okay. If we are making a decision about how to fund something, we need to know whether it is something that we have already—

**Mr Manderson:** I think the government makes the decision to fund the thing because it says it is important, and it works it out from there, rather than asking me to pick a little piece from one part of a legislation or another to which dollar will go from here as opposed to which dollar will go from there.

**Senator PATERSON:** I understand that.

**Mr Manderson:** I think it is an entirely arbitrary choice that you are asking me to make for you when you are the government.

**Senator PATERSON:** No, Mr Manderson, you are here to give evidence today and I am questioning you on your evidence. You are giving advice to the government to go down a particular route. I am interested in your advice to the government on how it should go down that route. If you are unable or unwilling to answer, that is okay, but you are here to assist us in this deliberation.

**Mr Manderson:** Yes, and so I guess I would say that I am quite happy for the family tax benefits that have accumulated to people on higher incomes to be less available to them—

**Senator PATERSON:** We are agreed on that.

**Mr Manderson:** Absolutely. There are sources of income that go to those people who arguably do not need it, so let us just make sure that we target the resources to those people who need it the most.

**Senator PATERSON:** Thank you.

**CHAIR:** Senator Kakoschke-Moore, bring us home.

**Senator KAKOSCHKE-MOORE:** My question relates to the activity test. I certainly take your point that young children—and we are talking about those between zero and three years old—should not be punished in terms of their access to child care based on what their parents are doing. I certainly take your point on that. In relation to the activity test, in your submission you pointed to certain activities that in your view should be included, such as court ordered anger management courses. Can you give me a couple of other examples of

activities that in your view should be included in order to protect some of these vulnerable children against the consequences of the activity test?

**Mr Manderson:** I think that when you are in the world of 'court ordered' you are in a different domain in any event. I do not think that there is any evidence that a behaviourist approach to welfare demanding a certain form of behaviours has yet delivered for us better outcomes for the kids of those families. So I guess I would say where there are other forces at work—court orders are a really good example—then of course that needs to be a part of how you resolve those things. I am slipping completely sideways here out of kids and child care but I do know that there are some really good agreements with young people who are homeless getting them back into the education system and providing housing. It is a combination of zeal on both sides. It is a really positive way of reaching an agreement where you get an outcome and some changes in opportunities for people. They make half of the move and the person providing the housing and educational opportunities makes the other half of the move. I think the same thing could apply with child care. I think you can arrive at an agreement with families and with kids. I think you have to work at the level of a human being to a human being. It seems to us from our experience that that is the way you get the outcomes rather than big picture, higher level, 'This behaviour, yes; this behaviour, no.' I think you have to actually work down to the individual level. When it comes to disability services we work on an individual level. When it comes to aged-care delivery we talk about individual levels. Let us talk about individual levels with these families and these kids.

**Senator KAKOSCHKE-MOORE:** Thank you very much.

**CHAIR:** Thank you very much for your evidence, Mr Zabar and Mr Manderson.

**ARCH, Ms Kerry, Parent Member, The Parenthood**

**BRISKEY, Ms Jo, Executive Director, The Parenthood**

[11:08]

**CHAIR:** I welcome representatives of The Parenthood. Information on parliamentary privilege and the protection of witnesses and evidence has been provided to you. The committee has The Parenthood's submission, which is No. 24. I now invite you to make a short opening statement. At the conclusion of your remarks I will invite members of the committee to put questions to you.

**Ms Briskey:** Thank you, committee chair and fellow committee members, for affording The Parenthood the opportunity to come before you today. With a national membership of now close to 50,000 parents, The Parenthood is Australia's leading parent advocacy and campaigning organisation. We have tens of thousands of parents who we know will be directly affected by the proposed bills.

As we stated previously and is detailed in our written submission, The Parenthood welcomes most of the key aspects of the jobs for families bill but has some serious concerns with the new activity test eligibility, changes to subsidy percentages and the impact that these measures will have on children accessing the benefits of quality early learning and parents having the certainty and incentives to enable them to return to work and work more. I am keen to stress to you today that, whilst we are very keen to see the quick progress of an amended version of this jobs for families package of bills, we reject the notion that \$4.8 billion worth of cuts to the family tax benefits system are required to pay for it—and we urge committee members to do the same. It is simply unfair and wrong to burden those families who can least afford it with the funding of much-needed childcare reform. And the reality is they do not need to. The government has already secured enough savings within the childcare budget and through the family payment cuts that now have opposition support. The new rules to tighten eligibility for family day care will save about \$470 million by 2018-19, with government already saving upwards of \$288 million a year from other compliance activity. The government is also due to benefit from lower than forecast increases in childcare fees, especially when the new subsidy systems starts, as it will be paid as a percentage of a capped fee not the full fee a centre charges.

So when you combine these savings with the family tax benefit cuts that have opposition support—the cut to the FTB part B for couple families when the last child reaches 13, a saving of \$179 million; the two-year freeze on FTB part A for families on higher incomes, a saving of \$74 million; the abolishment of the FTB part A large family supplement, a saving of \$60 million; the tightening of FTB treatment of fringe benefits, a saving of \$42 million; not proceeding with the thousand dollar baby bonus, a saving of \$123 million; and cutting the family tax benefit part A supplement payments to families with incomes over \$80,000, a saving of \$560 million—the government, in fact, right now has more than enough to pay for its childcare reforms plus pocket \$300 million extra in savings in its first year.

I would also like to take this opportunity to provide the committee with modelling we commissioned Ben Phillips from the Australian National University to conduct to highlight to members the financial impact of the decision to tie cuts to family payments to the delivery of childcare subsidy reform. I would like to highlight, firstly, the modelling provided by Ben Phillips, which I have a copy of here for the committee. When you look at the subsidy changes in isolation to the family payment cuts, it is incredibly exciting to see the extent to which many low- to middle-income families should expect to be better off, boosting the family budget range from a few hundred dollars to several thousand. And for those families currently struggling with the ever-increasing pressure of cost of early learning, this subsidy system—

**CHAIR:** Ms Briskey, given you were late, we only have 15 minutes for your submission. I know senators do want to get to questions.

**Ms Briskey:** Yes, absolutely. That largely sums it up. It highlights for the committee the impact of the tying of family payment cuts to the new subsidy system and that the benefit that those families would hope to have received under the new system will, in fact, see many of them worse off. We have those results for the committee to review. I am more than happy to provide a copy of my written statement for the committee to review at some other point and am open to questions. I would like to acknowledge that Kerry Arch is with me, who is a single parent and is here to give evidence on the impact of the significant cuts to family payments will have on families like hers and others. The main point I want to raise with the committee today is that whilst parents cannot wait much longer and have been waiting for some time now for much-needed childcare reform, we stand resolute against the notion that the only way to achieve childcare reform is by asking Kerry's family and thousands of others like hers to pay for it.

**Senator JACINTA COLLINS:** Ms Briskey, can I thank The Parenthood for looking at the issue of the coupling of the two bills and the impact. The material provided to us from the Department of Education look at simply the childcare package measures rather than the impact of the combination of both. It is unfortunate that the Department of Social Services, although they are appearing later, have not provided a submission and we do not have a whole-of-government submission about the impact. We had some insight into that in the previous version with NATSEM, but your more up-to-date analysis will be very helpful to the committee. It may well be that the government changes its mind on the coupling, given I think every submission here has highlighted that it is unsatisfactory. But moving to questions—

**CHAIR:** You will have a chance in your dissenting report, Senator.

**Senator JACINTA COLLINS:** You mentioned the concerns around the delay of increases in the level of support, and that that has now been delayed until July of next year. In the interim, would you support—I am just talking about the childcare measures element at this stage—piloting how those arrangements might work on real families?

**Ms Briskey:** If it includes bringing forward cost relief for families, absolutely. Many families desperately need to see a cost relief for child care and being able to look at ways in which tests and these measures will actually largely impact families lives would be excellent because many families at the moment have very little understanding and some of the complexity around the subsidy system is of some concern to families. So being able to test through that would be excellent, but the sooner we can bring cost relief to families the better.

**Senator JACINTA COLLINS:** So your ideal world then would be, given the historical nature of our childcare system as it is up to date, the government bringing forward fee relief in the interim and trialling the detail of how they propose to introduce an activity test to iron out unintended consequences, which would give us an opportunity to see what the compromise ultimately ends up being of shifting from a base of 24 hours universal access down to 12 or 15 and address how the activity test may impact on vulnerable families or those who only have access to intermittent work? Many of these measures we are yet to see. You would support that approach?

**Ms Briskey:** Yes, absolutely, because we have some serious concerns about some of those measures, what the impact would be, especially on those families having to, for instance, report fortnightly on work and activity, and the extent to which that might not fit a number of families, especially those who are in insecure or casual work or struggle to find work where they are.

**Senator JACINTA COLLINS:** The only other point I would make at this stage, because I do not really have the time to get into any finite detail now, is that ACOSS has previously provided some material and ordinarily they would be providing material relevant particularly to the social services element of the coupling. In some ways it is unfortunate that this has come to the education committee rather than the community services committee, which would almost automatically pull out ACOSS as a major contributor on these issues.

**CHAIR:** I think it just shows the government's commitment to early childhood education, surely.

**Senator JACINTA COLLINS:** Sorry, are we having a discussion or are you chairing and am I asking questions?

**CHAIR:** I am hoping we can move on shortly to other senators, Senator Collins. We have several people who want to ask questions.

**Senator JACINTA COLLINS:** You will have that opportunity, and, if you had given me the opportunity to wind up, you would have had it.

**CHAIR:** I could not resist! My apologies.

**Senator JACINTA COLLINS:** I think ACOSS will probably benefit from a closer look at the work that you have given us today, and I hope between now and next Monday, which is the time frame we have, we will be able to consume much of that material. Thank you.

**Ms Briskey:** Excellent. Thank you, Senator.

**CHAIR:** Summation complete!

**Senator HANSON-YOUNG:** Ms Briskey, you heard the question I asked earlier to both Anglicare and Catholic Social Services Australia about the families who may get caught in the middle of all of this, those who cop the brunt of cuts to the family tax benefit and perhaps those who miss out on what they currently get as 24 hours of care and going back to 12. Do you have any case studies relating to families who you think are going to miss out and be impacted the most?

**Ms Briskey:** We have been able to hear about some analysis using family cameos from Ben Phillips from the ANU. He did some analysis on five family types: those who are on annual income, those who might use early

learning two days a week compared to those who use it five days a week, those who will meet the activity test and those who will fail to meet the activity test. What the modelling shows is the extent to which families, in particular those who only use two days of care, might have a parent working part-time or especially those who will fail to meet the activity test, will be hit significantly by both losing the subsidy and also losing access to some of the family support payments that they currently receive. So the analysis that I have can provide you with at least the case studies or the cameos—

**Senator HANSON-YOUNG:** The types of families.

**Ms Briskey:** The types of families who would be impacted.

**Senator HANSON-YOUNG:** That would be helpful. What is your response to the cuts to the family tax benefit that have already passed the parliament? Are you happy with them, are you accepting of them or do you think they should not have happened?

**Ms Briskey:** We are largely disappointed with the full extent of the cuts that have passed so far. We have always been arguing against asking a set of families to bear the brunt of budget repair, given the option for the potential for a range of opportunities, both in terms of other savings measures and revenue measures. However, we appreciate they now have passed. They now have both government and opposition support. We argue that that is enough. The government currently has enough in savings measures, both through those FTB changes and a range of savings measures they have secured within the childcare budget, to be able to pay for their childcare reforms right now. So they do not need to move ahead with some of the harshest cuts that will affect families, including Kerry's, significantly.

**Senator HANSON-YOUNG:** The proposal put forward by a number of the peak childcare and early education groups to this committee yesterday had some elements where there could be some compromise to improve the package but get the funds that are desperately needed to start flowing. Granted, no-one wants the cuts to family tax benefit. Putting that aside, we have not had any witnesses come forward—I am sure we will hear from the department soon and they will be happy to take some cuts from someone else's portfolio. What is your response to those negotiating points or points of compromise? If you have not seen them, it is roughly changes to the activity test to make it broader, increasing the number of hours from 12 to possibly 15 or above, and the income test being lifted to \$80,000 or \$100,000 or somewhere in that vicinity.

**Ms Briskey:** I have been made briefly aware of the proposed compromise from the sector. Whilst we maintain pursuing a minimum of 24 hours or the two days, as recommended, as what is needed for kids to benefit from early learning, at the end of the day we need to see these reforms coming through as quickly as possible. We need the additional funding to come through as quickly as possible. If there can be compromise to see that happen, 15 hours is obviously better than 12. We would prefer it to maintain the current rate. We present our concerns, as we have consistently throughout this time, around the subsidy changes and the income levels and the means testing around that and looking at this as a welfare measure as opposed to a productivity measure. However, again, at the end of the day, fundamentally parents right across the board are struggling immensely with the cost of early learning. Parents, in particular mothers, cannot afford to go to work or cannot afford to work more because of the cost of early learning and care, and kids are missing out on the benefit of quality early learning. So we need to see action now.

**Senator HANSON-YOUNG:** Can I ask you to take something on notice. There was a proposal specifically around a six-week grace period. Can you have a look at that? In the context of new mothers re-entering the workforce, people taking up part-time work or casual shifts as they are easing back in, I would specifically like to know whether you think that six-week grace period would be sufficient—

**Ms Briskey:** For not having to meet the activity test?

**Senator HANSON-YOUNG:** Yes. Can you take that on board and maybe get some feedback from some of your mums?

**Ms Briskey:** Yes.

**Senator HANSON-YOUNG:** I would really like some anecdotal evidence.

**Senator PATERSON:** Ms Briskey, I read with interest in *The Australian* this morning about your ANU modelling. Was that in your submission?

**Ms Briskey:** No, we released it today. I have copies of it with me today.

**Senator PATERSON:** Can the ANU modelling be tabled?

**Senator JACINTA COLLINS:** I thought it was tabled in the opening.

**Ms Briskey:** Yes, I did.

**CHAIR:** It has not come to me. That is usually what happens. When something is tabled, I have to look at it and so does Senator Collins. But it is already in the media this morning, is it not?

**Ms Briskey:** Yes, one of the tables.

**Senator PATERSON:** I am interested: when was the modelling completed?

**Ms Briskey:** At the end of September.

**Senator PATERSON:** So was there any reason you did not include it in your submission?

**Ms Briskey:** Because I was looking at getting Ben to do some final work on the impact of the changes that were passed during the last sitting of parliament, as part of the family payments.

**Senator PATERSON:** Yes. It is just that it would very helpful for us to have an opportunity to have a look at it so we can discuss it.

**Ms Briskey:** Absolutely, yes. Sure.

**Senator PATERSON:** Giving it to the media on the morning of the hearing does not give us much opportunity to look at it. I am interested: how much did the modelling cost?

**Ms Briskey:** I am still to receive a final invoice from Ben Phillips, to be honest.

**CHAIR:** From NATSEM or from Ben?

**Ms Briskey:** From the Australian National University.

**Senator PATERSON:** Sure, but presumably you would not have commissioned it without knowing how much it would cost.

**Ms Briskey:** Yes, we got a quote. But, to be honest, I would have to get that figure for you, because I do not know it off the top of my head.

**Senator PATERSON:** So you do not know how much it cost.

**Ms Briskey:** Just off the top of my head, I do not know.

**Senator PATERSON:** But you will provide that on notice.

**Ms Briskey:** Yes, I am happy to.

**Senator PATERSON:** Thank you. Was the modelling funded by The Parenthood?

**Ms Briskey:** Yes.

**Senator PATERSON:** How is The Parenthood funded?

**Ms Briskey:** The Parenthood is funded through a range of organisations, through sponsorships and donations. That is how we fund ourselves.

**CHAIR:** I think we traversed this last hearing. It was United Voice.

**Ms Briskey:** That is one of many organisations who support The Parenthood.

**Senator PATERSON:** What is your annual budget?

**Ms Briskey:** We try to achieve an annual budget of about \$300,000 or \$350,000.

**Senator PATERSON:** Just moving on to the question of how this package is funded, you would be aware that many of the savings initiatives that were announced to the family tax benefit system and other savings have actually been used for budget repair, to reduce the deficit. So, if we were to repurpose it to fund this, that would lead to an increase in the deficit.

**Ms Briskey:** My understanding—or our understanding of the announcement in the 2015 budget—is that the full range of measures in the family tax benefit payment system is intended to be used for the funding of the childcare package. So my understanding was that, even with all the savings that have currently been passed and progressed, that had always been earmarked to go towards early learning.

**Senator PATERSON:** Some of ones you referred to are in the Budget Savings (Omnibus) Bill 2016, which recently passed.

**Ms Briskey:** Yes.

**Senator PATERSON:** That was agreed in a bipartisan way, between the coalition and Labor, to be used for deficit reduction, to reduce the annual deficit. So you are proposing that we not use it for deficit reduction but that we use it instead for funding the childcare package.

**Ms Briskey:** That is what has been the rhetoric or the language that has been used to explain it to families across Australia. We were all promised—

**Senator PATERSON:** Certainly not in the case of the recent changes. We were crystal clear: this is about reducing the deficit.

**Ms Briskey:** Our argument, though, is that, whether it was reducing the deficit or providing the opportunity to fund the additional \$3.2 billion, in our understanding about the bill—

**Senator PATERSON:** Right. But, just to clarify, if you were in a position where you had to make a choice about this, you would rather fund this without making the further family tax benefit changes.

**Ms Briskey:** Absolutely.

**Senator PATERSON:** And you would rather increase the deficit.

**Ms Briskey:** We would like to see the government work out another way of addressing the deficit problems whilst funding the childcare reform that they have promised for some years now for families, without it—

**Senator PATERSON:** Do you have a proposed alternative way as to how we could fund it?

**Ms Briskey:** I have put forward my argument today that you have already got it funded.

**Senator PATERSON:** But, as I think you have agreed, if we used money that was set aside for deficit repair to fund this then the deficit would go up.

**Ms Briskey:** Well, find another means to meet deficit repair.

**Senator PATERSON:** Okay, good. So do you have any other suggested means?

**Ms Briskey:** No, other than that we just do not want to see the burden being put on family budgets to fund either budget repair or the ability to deliver on childcare reform as you have promised.

**Senator PATERSON:** Understood. Thank you.

**Senator KAKOSCHKE-MOORE:** There has been some discussion in the past couple of days about activity tests and means-testing. Most of the discussion has been around the means-testing at the lower end—incomes of \$65,000 per year and the 12 hours that has been proposed under that. Discussion has not really happened at the top end of the means-testing, so I was just curious to know what your view was of the \$340,000 combined income. What is your view on the 20 per cent subsidy attached to that? Is it too high, too low or just right?

**Ms Briskey:** Our argument, which we have always maintained, is around both that this early learning childcare system delivers early learning for kids and that it should be deliverable irrespective of a family's circumstances, as is school. However, we do recognise the incredible benefit that early learning provides: the opportunity for people to work and an incentive for people to work. We see this as a key productivity driver. So we have been arguing the desire to keep the 50 per cent rebate, especially now that the subsidy will not be based on what a centre charges but, rather, a capped fee. So it is already less anyway. For that to be the case, that it provides the ongoing incentive for people to work, even in those higher incomes—because the impact will largely be on the second income earner in that family, which, more often than not, is mum. To the extent to which there is a financial incentive or whether it is affordable or not—if you are earning \$80,000 and more than half of your income will go towards funding child care—we have evidence from our families that they will be likely to make decisions around whether or not to go back to work or to wait until your child goes to school. Those kids miss out on early learning, we miss out on having strong and talented women in the workforce and those women—in particular, those on higher incomes—are paying greater income tax.

**CHAIR:** Thanks, Ms Briskey. Senators will have to put their questions on notice before we go to the department. Ms Arch, sorry that you have not had any questions. Finally, before we have to go, I just wanted to clarify: last time you were in front of us you gave evidence that you were very supportive of families on excessively high incomes receiving taxpayer subsidies for their child care. Is that still your position?

**Ms Briskey:** I would not describe it as very supportive. I would argue that the remaining, the 50 per cent rebate—

**CHAIR:** There was a very poor single mother with you last time who was backing in mothers on hundreds of thousands of dollars more than she was bringing home at the time to have the same right to publicly funded child care as she did. I would argue that she has much more of a right and that it is our responsibility as a government to provide that. That was not her contention. I am wondering whether that has changed.

**Ms Briskey:** No, because I still see early learning as education, and we do not means test school education—

**CHAIR:** All right—asked and answered. Thank you, Ms Briskey. We now call the Department of Education and Training and the Department of Social Services.

**HALBERT, Ms Cath, Group Manager, Payments Policy Group, Department of Social Services**

**MITCHELL, Ms Gillian, Acting Deputy Secretary, Early Childhood and Child Care Cluster, Department of Education and Training**

**WILLING, Mr Jeff, Acting Group Manager, Early Childhood Strategy Group, Department of Education and Training**

**WILSON, Ms Jackie, Acting Secretary, Department of Education and Training**

[11:33]

**CHAIR:** Information on parliamentary privilege and the protection of witnesses and evidence has been provided to you. I remind witnesses that the Senate has resolved that an officer of a department of the Commonwealth or of a state shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted. The committee has the Department of Education and Training's submission, which it has numbered submission 13. I now invite you to make a short opening statement. At the conclusion of your remarks, I will invite members of the committee to put questions to you.

**Ms Wilson:** Thank you for the opportunity to address the committee regarding the Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2016. As you are aware, the Jobs for Families Child Care Package was first announced in the 2015-16 budget as the government's response to the Productivity Commission inquiry into child care and early childhood learning. Savings required to fund the more than \$3 billion in additional investment in the package and not passed left the government with no choice but to defer implementation of the main measures in the jobs for families package a year later than originally planned. This decision was announced as part of the 2016-17 budget. This package will deliver genuine reform by encouraging greater workforce participation and productivity and by meeting families' needs by providing increased subsidised child care. The jobs for families child care bill replicates the provisions of the 2015 bill, with minor corrective amendments to address technical issues identified since the bill was originally introduced to give best effect to the agreed policy, and it brings forward two compliance provisions to commence on royal assent. Further details relating to these have been outlined in the department's submission.

Giving vulnerable children a strong start remains a key focus of the package, facilitated through the safety net. Therefore, the government is proceeding with those elements that can be progressed through legislation, including the Inclusions Support Program and the Connected Beginnings Program, both of which commenced on 1 July 2016. The Inclusions Support Program will provide increased support and encourage participation in child care for children with additional needs. Contracted service providers have been established and are implementing the program across Australia, including assisting services to access funding from the Inclusion Development Fund. In addition, the Connected Beginnings Program will support the integration of child care, maternal health care and family support services with schools in selected Indigenous communities experiencing disadvantage. The program aims to ensure that Indigenous children in identified areas of high need achieve the learning and development outcomes necessary for a positive transition to school. Minister Birmingham announced Alice Springs as a first Connected Beginnings community on 21 June. A small number of other selected communities nationally are expected to commence later in the year and in early 2017.

The department would like to acknowledge the submissions lodged to this committee and is committed to ongoing engagement with the childcare sector in relation to the implementation of the package. As noted in the department's submission, we are working closely with the sector to ensure that budget based funded services are well supported in their transition to the new system, including by engaging consultants to work with BBF services to assess their capacity to administer the new subsidy and develop transition plans by December 2016. Following the initial phase, the consultants will work with those services and help them to implement their individual transition plans in the lead-up to the July 2018 transition date. By investigating the potential for introducing further flexibility in the Community Child Care Fund to support a longer transition period for those BBF services that require it, the department will also continue to help those services.

In conclusion, the government is committed to flexible, affordable and accessible child care as it underpins the national economy and supports the community, especially parents' choice to participate in work and training and children's learning and development. We acknowledge that many stakeholders are involved in the development of

the package and appreciate the consideration that they have given to both the 2015 and the 2016 bills to date. Thank you.

**CHAIR:** Thank you so much. We will go to questions.

**Senator JACINTA COLLINS:** Ms Wilson, we had discussions earlier today—and I think you were present at the time—about some of the minister's potential rules. Are you in a position to provide the committee with what is proposed in that area?

**Ms Wilson:** The minister's rules have been the subject of consultation, in both April and last week. There are provisions in the legislation for about 70 rules, but in order for the legislation to take effect there are about 45 rules that are required to be made. The balance are for exceptional circumstances as they occur. So far we have consulted with the sector on 26 out of the 45 rules and very recently got a bit of feedback in terms of service provider registration and accountability. Ultimately, the minister tables those rules in parliament. They become disallowable instruments which can be disallowed. The process that we are going through now is to inform our thinking around how those rules should be written.

**Senator JACINTA COLLINS:** So that I understand appendix 1 of your submission, where does it fit in that picture?

**Ms Wilson:** Appendix 1 is the list that we provided of rules that could be made under the legislation.

**Senator JACINTA COLLINS:** Is that the 45 that you are talking about?

**Ms Wilson:** That is the whole list of 70.

**Senator JACINTA COLLINS:** Okay, that is the list of 70. I did not actually count the full number. Are you able to provide us, on notice, the 45 rules of that 70 that you are referring to?

**Ms Wilson:** We can certainly identify them for you

**Senator JACINTA COLLINS:** And provide on notice the 26 rules that you have consulted on to date?

**Ms Wilson:** We can do that.

**Senator JACINTA COLLINS:** How soon might we get to see the outcome of those consultations? Are you suggesting that it is going to be available before the passage of the bill or are you suggesting that we wait until after the passage of the bill?

**Ms Wilson:** As I said, we got feedback as recently as last week about some of the detail in those rules and we are yet to brief the minister. They are the subject of disallowance in parliament. We are planning to table them as an omnibus when we get to that point, when all the rules have progressed. I am sure that we would be happy to brief you separately on the rules, if there is an interest in doing that. I am not sure if the timing of the report, next Monday, will lend itself to us having finished the consultation on all the rules.

**Senator JACINTA COLLINS:** Well this is partly why I am asking now what information you can provide us? But if you are suggesting that you have not yet briefed the minister on the consultations that occurred last week then I suspect that there is not much that you can tell us at this point.

**Ms Wilson:** I am happy to talk to you broadly. We had very positive feedback and I am happy to talk to you in as much detail as you want about the individual rules that we consulted on.

**Senator JACINTA COLLINS:** I will probably get to some of the issues as I get to more detailed questions. My principal concern though is that in some areas, which have previously been part of legislation, for example in-home care, it is now proposed—at least from the submission that we heard this morning and from recent advice from the department—that the provision of those services will be provided under a ministerial rule.

**Ms Wilson:** I was here for the presentation made earlier today and I am a bit concerned about how that was expressed.

**Senator JACINTA COLLINS:** That is why I am giving you the opportunity now.

**Ms Wilson:** There has never been any intention of not having in-home care in the future. In the 2015 budget it was announced at the same time as the nanny pilot. In-home care providers were told that we would do a review of in-home care and a review of the nanny providers. At the end of the day, there is a provision in the legislation that enables the parliament to agree to a separate type of care, to set a rate for that type of care, the conditions around how it would be provided and that both of the reviews would feed into that process. The Institute of Social Science Research at the University of Queensland is doing both the nanny pilot review and the in-home care review.

**Senator JACINTA COLLINS:** When did that commence?

**Ms Wilson:** All service providers were written to on 3 August, including the vice-president of the organisation that just appeared, so—

**Senator JACINTA COLLINS:** When you say, 'written to', we asked a quiet specific question, which was, 'Have there been any engagement with respect to a review of in-home?'

**Ms Wilson:** Well, I have got a copy on my iPad of the letter that Diane Barr, who is their vice-president, received. I double-checked that on the basis of the discussion. Also, there was a meeting—

**Senator JACINTA COLLINS:** Can you provide us with a copy of that letter?

**Ms Wilson:** Sure, I am happy to do that. We met with their president in November last year, the same organisation, and three weeks ago we met with their vice-president when they came to Canberra to meet the minister. We have been talking to these groups about these reviews all the way through. There is a survey happening with some families at the moment and there has been consultation with some of the in-home care providers. So, I was quite surprised to hear what the people attending had said, but we are going to follow up.

**Senator JACINTA COLLINS:** Just addressing that one issue, why then is in-home care not one of the listed approved providers, as they were in the past?

**Ms Wilson:** That is because, as I mentioned earlier, the form of that type of care going forward is subject to the outcomes of those two reviews. The nanny pilot is testing variable working hours and the need for nannies in certain circumstances. In-home care is, as explained by the people at the table, largely to do with children with multiple and complex disabilities or parents with multiple disabilities. They are both a form of care that is provided in the family home, and what we want to do is assess what is the best form of that care. It is not that we do not think that a form of care in the family home is required, but we wanted to take a proper look at in-home care and a proper look at the Nanny Pilot.

**Senator HANSON-YOUNG:** I guess the concerns that we have heard, and my response to the concerns raised particularly by the Home Child Care Association, is that unless there is some reference to it, it sends a signal—particularly to parents—that that type of subsidy that they rely on to pay for this care at the moment will not be available. I understand your argument going forward—that how it is delivered or the best way for it to be delivered may be reviewed—but, at the end of the day, all those families care about is making sure that they get the care, and that there is going to be some support in paying for it.

Surely, even if the rules may change or the program is enhanced in some way following a review, you are still going to need an element of subsidy. Therefore, I do not understand why it would be totally silent in the legislation itself.

**Ms Wilson:** I understand the comments you are making, and I understand the concerns of the parents. Clearly, the presentation has just illustrated to me that we have not communicated as often and as much as we should have with providers and with families. I am certainly happy to take that on board, but it is not a reflection of a lack of intention of having a subsidy in that space going forward.

The other thing I would mention is that there is also a lot of interaction effects with the National Disability Insurance Scheme, which we are also looking at. You heard the testimony earlier today about the high levels of disability for some of the parents and-or some of the children. The NDIS is just into full scheme rollout now, and we wanted time to look at all of those issues, to structure the right program going forward.

**Senator HANSON-YOUNG:** Signalling back to you and to the minister, I would suggest that, if you want to get something through the Senate, there is going to have to be some reference to the fact that we are not cutting subsidies to in-home care.

**Ms Wilson:** Yes. I understand what you are saying.

**Senator JACINTA COLLINS:** Ms Wilson, even aside from that point, the difficulty we have is concerns that some of the sponsor organisations for in-home care are reviewing their ongoing operations. In a situation that has been fairly uncertain to date, it may well be an unintended consequence of holding everything pending in silence, subject to review—impacts on organisations deciding to remain in the provision of these services.

**Ms Wilson:** I understand what you are saying. However, all organisations have been issued with a contract for the whole of this financial year and have been told they will continue to go till 30 June 2018. They have all been provided in writing that assurance; that their funding will continue. I am happy to take on board what else we can do, but it is not like they are operating month-to-month or anything like that. They have had that assurance. We certainly need to strengthen that assurance, from what I am hearing today.

**Senator JACINTA COLLINS:** Whilst we are here I want to get some further information, or some more up-to-date information, on the Nanny Trial. There has been some discussion over the last day or so about what

alternative savings measures there might be for proposals to make other changes to the package. Let me ask about the Family Day Care compliance issue first: the story in today's *Australian* had the minister chest-beating about how he was delivering fine reforms in this area that has been fraught for decades. Can you tell me whether there is actually any additional money there, or is that the \$100 million that was provided for in MYEFO 2015? I think that was the time period.

**Ms Wilson:** The \$1 billion actually referred to reductions in child care benefit and child care rebate outlays that the ANAO found over audits in the last two financial years.

**Senator JACINTA COLLINS:** So that is another \$100 million available for the package, is it?

**Ms Wilson:** That was basically savings identified where people were, I guess, getting access to subsidies they should not have got access to. In some ways the payments should have never been made to start with.

**Senator JACINTA COLLINS:** I understand that, but my question is: is that new money or is that the \$100 million that was identified in MYEFO in 2015?

**Ms Wilson:** I am not sure I understand the \$100 million.

**Senator JACINTA COLLINS:** The figure that the minister was referring to today as the benefits arising from his fine standards of regulation and compliance—is that new money or is it old money?

**Ms Wilson:** I am just trying to think of how to explain this. That is money that went out that should not have gone out.

**Senator JACINTA COLLINS:** Yes, but was this factored in, in MYEFO, in 2015 when we were talking about this issue of family day care?

**Ms Wilson:** It would have been in the bottom line.

**Senator JACINTA COLLINS:** Thank you. That is all I wanted to clarify.

**Ms Wilson:** As you know, Senator, CCB and CCR is actually a special appropriation. There is no cap per se. If a family meet the eligibility requirements, they get access to it. But that does not mean that people are not getting access to it when they should not be.

**Senator JACINTA COLLINS:** I understand that. But what we are looking at is: are there potential new savings? The answer is, in today's story in *The Australian*: nothing new.

**Ms Wilson:** No, I do not agree with that. Ministers actually take in—

**Senator JACINTA COLLINS:** You just told me it was allocated in MYEFO 2015.

**Ms Wilson:** No, I am saying the forward estimates would have been allocated in MYEFO and then in budget. There has been a lot of action, which the minister has taken, in terms of disallowable instruments—for example, the child-swapping instrument that was tabled in parliament and, more recently, the three disallowable instruments that have been tabled that come into effect next week. These are all things we did not have the power to do before those instruments came into effect.

**Senator JACINTA COLLINS:** I understand that.

**Ms Wilson:** So they are, actually, connected to the question you asked me. Also, internally, we have a whole group of people who focus on compliance and fraud and data matching and working with the states and territories.

**Senator JACINTA COLLINS:** Yes, and addressing the gaming that can occur in the provision of some of these services has been an issue for decades. That is why I am trying to understand whether the \$100 million—that are savings as a result of these new arrangements that are now put in place—you indicated a moment ago were in the bottom line that would have been provided in MYEFO 2015. Is that not the case?

**Ms Wilson:** The estimates get adjusted at budget and MYEFO. The estimate in MYEFO would have been adjusted to take into account some of the impact of the child-swapping measures that had been introduced. At every estimates, based on what the actual is, the forward estimates get updated. So, again, in budget there would have been some update. All of the parameters get updated every budget. You cannot say one estimate contains all of the estimates variations.

**Senator JACINTA COLLINS:** I understand that, but these measures were the ones estimated in MYEFO 2015.

**Ms Wilson:** The ones we just introduced this year were not, but child swapping was introduced last year and there would have been some factoring in of some of that into MYEFO.

**Senator JACINTA COLLINS:** All right. Could you take this on notice for me, because I do not want to bog this discussion down: what is new money? What new savings have been identified in the childcare system out of these measures?

**Senator HANSON-YOUNG:** New savings, not new money.

**Ms Wilson:** I would just make the point that in special appropriation there is no such thing as savings. When it goes up it also goes down. The government is required to foot the bill based on a family's eligibility. So we do not get to count them as savings. The finance process does not allow us to count them as savings and they cannot be used to offset other spends. I am just reading to you what is in the budget rules from the Department of Finance.

**Senator LAMBIE:** I just want to go—sorry, have you finished?

**Senator JACINTA COLLINS:** No.

**Senator LAMBIE:** Sorry, you go.

**Senator JACINTA COLLINS:** I probably need to forecast that I have a lengthy number of questions, many of which will have to go on notice, I suspect, to allow other senators time. So I will ask the chair to draw me up when we get close to that. I am trying to prioritise different areas, which is why I did not want to get bogged down in that issue.

The other is the nannies trial. At budget estimates you said that 60 families were currently using nannies under the trial. How many families and children are used in the nannies trial now?

**Ms Wilson:** There are 473 children being cared for by a nanny as of 9 September and about 186 nannies in place. And there are quite a few more in the process of being partnered and matched and have those arrangements happening.

**Senator JACINTA COLLINS:** So I can compare figures. How many families?

**Ms Wilson:** I will just check—I do not appear to have a family number quick at hand.

**Senator JACINTA COLLINS:** Could you provide that on notice, please?

**Ms Wilson:** Yes, I can do that.

**Senator JACINTA COLLINS:** What is the average rate of usage, the average cost per hour and the maximum cost per hour being paid by a family?

**Ms Wilson:** I would have to take that on notice.

**Senator JACINTA COLLINS:** Okay, and please provide those figures before and after subsidy.

**Ms Wilson:** Sure.

**Senator JACINTA COLLINS:** Have there been any complaints about the quality of service or the conduct of nannies?

**Ms Wilson:** No.

**Senator JACINTA COLLINS:** Have there been any incidents while a nanny has been looking after children?

**Ms Wilson:** No.

**Senator JACINTA COLLINS:** Would you know, necessarily?

**Ms Wilson:** We have regular fortnightly phone hook-ups with all the providers and there is a requirement to notify the team as well. One of the issues we are having at the moment is actually finding enough nannies. We are going out and seeking them through the training colleges and nanny organisations. There is quite a demand for nannies. Our issue is actually finding enough nannies to support the demand.

**Senator JACINTA COLLINS:** Okay. Where you said these things would need to be reported, is there any transparency of that reporting?

**Ms Wilson:** Do you mean externally to the department?

**Senator JACINTA COLLINS:** Public reporting.

**Ms Wilson:** It is not a normal practice for those contracts to have a public reporting provision. It is more that the program managers get informed in a timely manner and then there is a conversation that needs to happen, depending on the particular issue.

**Senator JACINTA COLLINS:** So there is no source of reports other than me asking questions of the department in estimates about what is reported to the department, basically?

**Ms Wilson:** Similarly to all other childcare services.

**Senator JACINTA COLLINS:** Yes, I understand.

**CHAIR:** When you are providing Senator Collins with the number of families for the nanny trial, could you also provide the number of families for Labor's flexibility trial that they ran for their program.

**Ms Wilson:** Sure.

**Senator JACINTA COLLINS:** Have you received any feedback from families about the out-of-pocket costs of the trial?

**Ms Wilson:** We did initially, when the initial subsidy rates were announced. As a result, on 30 June this year, as announced in the budget, the rates were increased to take into account some of that feedback. Certainly there has been a lot of positive feedback about the increased rates that came into effect in June.

**Senator JACINTA COLLINS:** That is for nannies?

**Ms Wilson:** That is right.

**Senator JACINTA COLLINS:** I am interested in feedback from families about out-of-pocket costs.

**Ms Wilson:** I am saying that—

**Senator JACINTA COLLINS:** It was suggested in the hearings yesterday that there was a reluctance for families, particularly those with one child, to engage with the nannies trial because of the cost.

**Ms Wilson:** The changes that came in in June, after the budget, increased the maximum subsidy from \$5.95 an hour to \$8.50 an hour. So that was a significant increase, and my comment was that families have responded very positively to that and there was a surge in take-up and interest. I understand your point, which I think is that some people did not understand what the real cost of having a nanny to deal with their own flexibility at home for one child would mean in out-of-pocket costs. Really, it takes getting to two to break even in out-of-pocket, so I understand the concern that you mentioned and we have heard that concern.

**Senator JACINTA COLLINS:** What is the total budget of the trial in its current iteration?

**Ms Wilson:** It is \$184.5 million.

**Senator JACINTA COLLINS:** How much is that in each financial year?

**Ms Wilson:** I will have to look to find it, so I am happy to take it on notice.

**Senator JACINTA COLLINS:** If you could, thank you. If you would not mind providing that before we wind up today, that would be useful.

**Ms Wilson:** I think Ms Mitchell can probably find it while I am answering your questions.

**Senator JACINTA COLLINS:** How much of that has actually been paid to agencies or families under the trial?

**Ms Wilson:** I have not got that information with me. What exactly has been paid is what you are asking?

**Senator JACINTA COLLINS:** Yes.

**Ms Wilson:** I will have to take that bit on notice.

**Senator JACINTA COLLINS:** Okay. Let me wrap up very quickly, and I will put—

**Ms Wilson:** We can give you the nanny breakdown now.

**Senator JACINTA COLLINS:** Can you do that later so that it does not eat into the time at the moment?

**Ms Wilson:** Sure.

**Senator JACINTA COLLINS:** I have a range of questions on the BBF transition process. The question that came up yesterday about the consultant that was dealing with the reviews and whether there had been a change of consultant: can you give us any information on what is occurring there?

**Ms Wilson:** I got a debrief on what the discussion was yesterday. You heard about PricewaterhouseCoopers and PricewaterhouseCoopers' Indigenous being engaged to do some work and that Community Childcare Co-Operative in New South Wales was also engaged to do some work with mobile services. I guess the long and the short of it is that there was a mutual decision to terminate the contract. We had significant concerns about the quality of the draft reports. We had significant concerns about the group's ability to actually understand what the package was about. They did not appear to have a strong understanding of the package, based on the first 15 or so reports we got. And there were some concerns raised by the people they visited that they were not actually helping them understand what the process was about. On the other hand, we have had rave reviews about PWC when they visited BBF services. We have had really positive feedback directed back to the department and the minister's office. It just got to a point where we all agreed that it would probably be better if we terminated the

contract, because we needed work to happen with mobiles fairly quickly, and the community cooperative did not appear to be best placed to do that.

**Senator JACINTA COLLINS:** There are just two contracts that relate to this area, I think—I would like you to confirm if that is the case. They are contracts Nos 3341068 and 3341077. Are they related to the transition process, and are there any other contracts or items of expenditure associated with the transition, and was the total cost of the transition process these two contracts, \$2.9 million?

**Ms Wilson:** I do not have the actual contract numbers with me.

**Senator JACINTA COLLINS:** You can deal with that on notice.

**Ms Wilson:** Okay.

**Senator KAKOSCHKE-MOORE:** My question is in relation to the consultation process that was engaged in when the jobs for families package was being developed. Yesterday we heard from SNAICC, who are the lead body to represent Indigenous children and young people. I asked if they had been involved with the ministerial advisory council and also the stakeholder reference group. They confirmed they were not involved in either. My question to you is: how does the department determine who to consult with when developing a package like this?

**Ms Wilson:** Thank you for the question. I might throw to Ms Mitchell to talk about the detailed consultation we did. The ministerial advisory council and the stakeholder reference group do not represent the only mechanisms we have for consultation. In fact, we would probably talk to SNAICC at least once a fortnight. We met with them in September. We have another meeting with them in October. We talk to them on a regular basis, not just in those forums, but I will get Ms Mitchell to talk about our overall consultation process.

**Ms Mitchell:** We used our ministerial advisory council and the stakeholder reference group as the basis for our consultations around the announcement of the budget package, and we added to that a range of other large peak organisations, and the consultations were conducted in the lead-up to the announcement in the budget. Since then, we have continued to engage with that group and, at the same time, we have conducted a number of public consultations, the most recently being last week. SNAICC attended that one, and they also attended our consultations in April of this year. As Ms Wilson said, we meet regularly with SNAICC and with other people bilaterally. For example, in relation to SNAICC, you will have noticed in the bill that we changed the name of the ACCS (child wellbeing) payment. They were one of the organisations who raised concerns with the original name of that payment with me. So we confidentially tested our new name with them before we recommended it, finally, to the minister for inclusion in the bill. So we do conduct bilateral conversations and consultations on an ongoing basis.

**Senator KAKOSCHKE-MOORE:** I understand that it is an invitation-only process to consult with the ministerial advisory council. Were there any Indigenous organisations that were invited to be part of the ministerial advisory council?

**Ms Wilson:** There actually is an Indigenous member of the council, but that person just does not wear a hat in terms of SNAICC. Is it Judith Tempest? She is from New South Wales, so there is an Indigenous member in the that group. Judith McKay-Tempest.

**Senator KAKOSCHKE-MOORE:** In relation to the Connected Beginnings program that has been rolled out in Alice Springs, you said it has been rolled out in a small number of other communities. How many other communities will that be program be run out in?

**Ms Wilson:** There are about 10 or 11 that are being rolled to. How it is working is that we are actually doing it bilaterally with the Department of Health as well, so we are bringing in money from us as well as Health funding. Our locations will be primarily using schools as a hub and outreaching into the rest of the community. There is a lot of work happening, because what we do not want to do is tell the community where the hub should be, so there is a lot of consultation happening in communities, including with state and territory government, to identify which of the communities should be well serviced and who are the key leaders in that community that the community would support to have that. I guess it is meant to be enabling and supporting the infrastructure in place and bringing it all together.

**Senator KAKOSCHKE-MOORE:** My understanding of the budget-based funding program at the moment is that a lot of it is not based around schools currently, and that they are operating in quite remote areas.

**Ms Wilson:** That is right.

**Senator KAKOSCHKE-MOORE:** What will the difference be in terms of these Connected Beginnings hubs and the current budget-based funding operations? It seems like there could be quite a big difference between the

number of centres operating now under budget-based funding and the number that can operate under Connected Beginnings.

**Ms Wilson:** Connected Beginnings provides more of an underpinning rather than service delivery. It provides funding for a coordinator wherever the community decides that coordinator is best place and it tries to integrate the provision that is already happening in that community; whereas as BBFs get funded to actually deliver specific services based on whatever is in their contract. If there is a BBF in the community where we are doing Connected Beginnings—there are 298 BBF services and only 10 Connected Beginning pilot sites—one of the requirements will be that they work really closely with whoever is identified as the centre for that coordination role in those communities.

**Senator KAKOSCHKE-MOORE:** I have one final question and then I will put my remainder on notice. You said that by the end of this year some transitional plans should already be in place. Is that right?

**Ms Wilson:** All services—the work that PWC has been doing—will have their reports in October. They will get the report of the assessment that they participated in. The second phase of that is that early next year the consultants will work with them on how to implement what they identified in that initial first stage. It was really quite disappointing to read some of the statements made yesterday, because there have been many reviews, including a 2014 review of BBF and an ANAO report, which said that there are many issues with this program—that it is flawed and that there are equity issues.

**Senator KAKOSCHKE-MOORE:** Was that 2014 report of the review made public?

**Ms Wilson:** It was. It was put on the website by Minister Ley. Three recommendations were adopted and the rest were referred to the PC in terms of its inquiry.

**Senator KAKOSCHKE-MOORE:** Was there a previous review into BBF about four years, the report of which was not made public? There was a statement to that effect yesterday.

**Ms Wilson:** I thought they were talking about the 2014 review yesterday, based on feedback I got from people who attended. But this is a long journey. We have some BBF services that get as little as \$100 per child per year and some that get tens of thousands of dollars per child per year. The program has been capped and closed for 15 years. This is about making some changes. It is not about taking the Indigenous 'culturalness' out of these programs. It is about a different funding source—not a closing of the programs or the services. I cannot say that often enough.

**Senator PATERSON:** I would like to clarify and get a sense of some of the costings issues involved in this. There have been a lot of proposals from stakeholders about increasing the number of hours that would be available. I am interested to know whether you have a good sense of what the cost of that would be. First of all, one of the proposals was to have 24 hours with no activity test. Do you have a sense of how much that would cost?

**Ms Wilson:** Ballpark, that would be about \$1.15 billion over the two years in the forward estimates.

**Senator PATERSON:** So, presumably, in a normal four-year forward estimates period it would be double that?

**Ms Wilson:** Probably more than double, because there is growth in usage as well.

**Senator PATERSON:** Have you costed the sector's proposal to increase the activity test exemption from 12 to 15 hours?

**Ms Wilson:** For the safety net group, in their joint submission they talked about \$150 million. I think that is ballpark correct.

**Senator PATERSON:** I would like to clarify some of the evidence that we have heard in submissions or from people who have appeared here and give you the opportunity to comment. A couple of people mentioned how volunteering would be treated under the activity test. Could you address that?

**Ms Wilson:** This is one of the rules that we have consulted extensively on, and I might get Mr Willing or Ms Mitchell to talk to you about it. We have had very positive feedback about this minister's rule. It is much broader. It is not just work or study or training—

**Senator JACINTA COLLINS:** Was there a draft?

**Ms Wilson:** The issue is with giving you a rule in a rule format but, if we put the words on a piece of paper and shared with you what we consulted on, that would probably—

**Senator JACINTA COLLINS:** That would answer my question.

**CHAIR:** Beautiful! Look at the efficiency. Well done.

**Ms Wilson:** It was really positively received.

**Ms Mitchell:** The last time we met with the committee we read out the definition based on our thinking at that point in time. One of the things we have been doing since then is talking with the sector about the inclusion of activity—parental-engagement-type activities. So, reading in a school or reading in centre based care. We have now proposed to broaden the definition of volunteering to pick that up as well.

It will still include any volunteering which could reasonably be expected to improve work skills or employment prospects—any volunteering that is for a community or a charitable organisation. We are now proposing to add to that any volunteering that is in a school, a centre based service or a preschool, where the activities that the parent is undertaking directly support children's learning and development. So we are working with the sector to try to make the definition as broad as we possibly can.

**Senator PATERSON:** Thank you—that seems quite broad. We heard some evidence from SNAICC yesterday that they are concerned they will have to compete with every other childcare service around Australia in order to get money to support their services. Is their understanding correct?

**Ms Wilson:** It is probably fair to say that our thinking is evolving. When we announced the Community Child Care Fund we announced it as a competitive grants process. I think that more recently, based on some of the consultation, we accepted there is a need to have a discretionary bucket within the CCCF that is not based on competition. We have been talking to some in the sector about it.

**Senator HANSON-YOUNG:** Is this for Indigenous kids?

**Ms Wilson:** Well, specifically to help the BBF group.

**Senator HANSON-YOUNG:** Yes.

**Ms Wilson:** Only 70 per cent of kids who go to BBFs are Indigenous, but it is to help the BBFs in their transition. I guess that the other kind of misconception that seems to be out there is that the CCCF is just a one-off. It is not; it is part of the budget going forward with the whole package. So some people might transition in two years and some people might not transition for 10 years. There is flexibility in the CCCF, based on these individual plans I talked to the senator about previously—to structure that in a way that best meets the needs of the individual BBFs.

That is what we are about, and those plans will help us define how the subsidy and the CCCF funding come together.

**Senator PATERSON:** Okay. We also asked NAMS yesterday how many children accessed their services, and they did not know. They were not able to tell us. Are you aware of how many children access the mobile services?

**Ms Wilson:** There are 4,500 children in 45 services.

**Senator PATERSON:** Thank you. Why is the community co-op no longer undertaking the mobile transition? SNAICC said yesterday that it was because they were uncomfortable. I am not sure what they meant by that.

**Ms Wilson:** I think I responded to Senator Collins's questions earlier—

**Senator JACINTA COLLINS:** You did.

**Ms Wilson:** Given the tender processes we do for all these things, we got the first 15 reports in and the drafts were not suitable—required a lot of work. They demonstrated a lack of understanding of the package and, really, a lack of understanding of business modelling, which is what each service wanted and needed to look at: projecting their base subsidy and what they would need to draw out of the CCCF. They did not have the business-modelling skills.

**Senator PATERSON:** Okay. Just one final question: SNAICC also said to us yesterday that mobiles would not be funded under the Jobs for Families Child Care Package. Is that right?

**Ms Wilson:** That is not correct. We have never said that mobiles would not be funded. Mobiles are a very complex group of BBFs. They get funding from a range of different sources. Often they get a lot of state and territory government funding as well. We want to do this analysis and identify how that can be best funded going forward.

I know there are some concerns around the travel and how that will be subsidised, and that there are some concerns around the time they spend setting up, because the subsidy will just go to the hours that children are there. But there is flexibility in the CCCF—the grant process—to recognise the additional costs of travelling and of setting up, and of all the time that is non-contact time for the educator with the child, if that makes sense.

**Senator PATERSON:** Yes.

**Senator HANSON-YOUNG:** Can I take you to appendix 2 of your submission, please? The modelling of the taper rates. I am wondering: have you done any other modelling in relation to the changes to the taper rate for the upper end of the income brackets here? And if so, what modelling have you done? What we have been given is the childcare subsidy taper rates as presented in the legislation, as perhaps opposed to some of the ideas and suggestions that have been put forward to try to find a bit more equity in the system.

**Ms Wilson:** We have done a range of different modelling, as you can imagine. The subsidy was first announced as a 50 per cent—as a lower subsidy, if you recall. Then it was changed to 20. So we have done all of that. But it is all sort of advice to the minister, I guess. That is what I regard it as—and treat it in that way. We do it for the minister.

**Senator HANSON-YOUNG:** If you need to take this on notice and get back to us, please do. Maybe you have the figures in front of you—I am not sure. If you look at what is on appendix 2, I would like to know how many families fit between 250k and 275k. Also, I would like to know how many families fit between 250 and 300.

**Ms Wilson:** I am just doing the math on the run, so these guys can correct me if I am wrong. About three per cent of families are between 250,000 and 300,000. And what were the other two figures, Senator?

**Senator HANSON-YOUNG:** Two hundred and fifty to 275; 250 to 300.

**Ms Wilson:** So that was the 250 to 300. So 250 to 275: about 1½ per cent. In terms of families above 250,000, by the time you get to 250,000 you cover off about 94 per cent of all family income. So, above 250, you actually have a very small number of families. I probably can think about what you might be thinking of. It takes a lot of change at that end to make very much difference in terms of funding because the number of families are so few at that end of the spectrum.

**Senator HANSON-YOUNG:** What I would like to know is: how much would be saved if you were to reduce from 275 and then 300 down to the 20 per cent rate, so that it in matches up with the rest of the cuts?

**Ms Wilson:** So it drops from 250?

**Senator HANSON-YOUNG:** From 275.

**Ms Wilson:** So the line goes straight to 275—

**Senator HANSON-YOUNG:** Yes.

**Ms Wilson:** and then it drops to 20.

**Senator HANSON-YOUNG:** Yes.

**Ms Wilson:** Where do you want it to drop to 20 at—what figure? That will affect the steepness of the line.

**Senator HANSON-YOUNG:** At 300.

**Ms Wilson:** I am sure we can take that on notice.

**Senator HANSON-YOUNG:** If you could, that would be helpful. Thank you. I want to go back to the questions raised by Senator Paterson around the definition of the activity test. If we could get that written down, that would be very helpful. What I wanted to know when I was listening to your evidence was: who makes the call that it is an appropriate volunteer activity?

**Ms Wilson:** I might get Mr Willing to talk to this.

**Mr Willing:** As a starting point, any association or organisation that is a registered charity, or that sort of thing, would certainly be covered. Beyond that, as Ms Mitchell mentioned, the volunteering and reading with the children, or other children activities in childcare centres and/or schools, would be included. I am trying to think of what we would possibly not preclude.

**Senator HANSON-YOUNG:** Even if it is self-declared?

**Senator JACINTA COLLINS:** What about caring for the elderly?

**Ms Mitchell:** If they had formal caring responsibilities and—

**Senator JACINTA COLLINS:** No, no. We are talking about volunteering with the elderly.

**Mr Willing:** So far as it is an association of any sort it would be included.

**Senator JACINTA COLLINS:** Even a for-profit service?

**Mr Willing:** It gets interesting with volunteering once you start working with for-profits. It becomes a conversation and an issue for possibly Employment and the Fair Work Commission about whether people should be paid for some of that work. What we particularly have not done with volunteering is try to prescribe in our

rules anything that would prohibit or limit it because it would be dealt with by the Fair Work Commission at the end of that. We have had some conversations with Employment about them particularly recommending that we do not try and determine that via child care because it is not our business. But it would be dealt with by the Fair Work Commission. Some of the more obscure type situations would be a conversation with the Department of Human Services. But, in general, volunteering is currently quite broadly considered as a positive thing for both the community and the person doing the volunteering, particularly people who are not working. It is a good way to look at getting back into work and/or establishing routines and processes, as well. So it is quite often a very positive thing.

**Ms Mitchell:** I think the important thing to note is that families self-declare their activities, whether it is volunteering or another kind of activity, or work. They self-declare that to the Department of Human Services. They are very trustworthy in the way they do that. If for some reason it were brought to DHS's notice that they might not actually be doing what they said they were doing, or if they came up on a random parent check that DHS does, it would be at that point that they would be required to provide some evidence. That could be a letter from the school to say that they were reading to the kids a couple of days a week or it could be a letter from the relevant organisation that they were doing their volunteering with.

**Senator HANSON-YOUNG:** So it would be evidence—

**Ms Mitchell:** Only if it is required.

**Senator HANSON-YOUNG:** As required?

**Ms Mitchell:** That is correct.

**Senator HANSON-YOUNG:** I imagine for most people, then, it will simply be a tick box—'yes, I am'.

**Ms Mitchell:** That is right.

**Ms Wilson:** Parents are one of the most compliant cohorts of the income support—

**Senator JACINTA COLLINS:** While you are providing the information around that rule, can you also provide the information around the rule that will deal with intermittent work and changes to work?

**Unidentified speaker:** [inaudible]

**Senator JACINTA COLLINS:** Oh, sorry.

**Ms Wilson:** Do you want to talk about the legislative provision and rule?

**CHAIR:** Bearing in mind that we are finishing at 12.30.

**Senator HANSON-YOUNG:** What I really wanted, Ms Wilson, was your response to the proposal from a number of the groups around the six-week grace period for transition. Do you see that working, and has the department done any further investigation as to whether it would be enough or too much?

**Ms Wilson:** We have had long discussions with the group of four that signed the joint submission. We actually think there are sufficient protections in the current provisions. I might get Ms Mitchell to outline them for you.

**Ms Mitchell:** Certainly. We do think that there are a number of provisions already that would take into consideration the circumstances that the sector is talking about in relation to that six-week transition period. For example, we have additional childcare subsidy temporary financial hardship, which will be very similar to our current temporary financial hardship provisions—

**Senator HANSON-YOUNG:** Can I interrupt you for the sake of time. I understand how the department might want to argue that you have that covered, but the truth is that the sector does not believe that, and I am not convinced of it. I am not sure about other people on this panel. One of the key elements that was brought to our attention yesterday and concerns the way it would currently work is the fortnightly assessment period. So, if somebody loses their job on Friday and the end of the Friday is the end of a fortnightly period, what do they do if their kid is booked into child care on the Monday, Tuesday and Wednesday of the following week? They are not necessarily going to be eligible for the subsidy. It is a) not going to be top of mind for parents to pull their child out of child care for the first three days of not having a job, and, b) even if they did, gosh, I cannot see how that is the best thing for the child!

**Ms Wilson:** The temporary financial hardship provision means that the six weeks, if you lose your job as one of the criteria, you get the subsidy regardless—so if you have lost your job or there is a death in the family, and there is a whole bunch of other circumstances, because we want to make sure that the child as well looked after. That is already a provision in the legislation, for your example. So there is no need to change at all and you actually get a higher rate of subsidy in that period to look after you while you are transitioning.

**Ms Mitchell:** And you can have it for 13 weeks and not the six weeks—

**Senator HANSON-YOUNG:** When do have to notify the department about it? It is not going to be top of mind, I can guarantee it come Monday morning.

**Ms Mitchell:** The notification will be done through the Department of Human Services. Temporary financial hardship will be administered by the Department of Human Services and they have much better up-to-date records about family circumstances than anybody else really. If that happened on a Friday and the child went to child care on the Monday, as long as they were in the process of applying for temporary financial hardship or even if the temporary financial hardship application caught up with them a couple of days later, they would not have to remove their child from child care on the Monday. Because it is based on an annual income and because at the end of every financial year there is a reconciliation process that we go through, in the way we do now with CCB and CCR, if by chance there were any overpayment it would all be worked out through the reconciliation process and through the process of withholding, in the way we do now with CCB and CCR.

**Ms Wilson:** The person does not need to take their child out of care. That service will help facilitate them getting temporary financial hardship with DHS. The service facilitates that access to the extra payment currently.

**Mr Willing:** Just to be clear on the point about it not being top of mind, it does not need to be done on the Monday; it can be done up to 28 days later and backdated as well. So, if it is something you do not realise until later and it comes up with the department of family services later—

**Senator HANSON-YOUNG:** Thank you. That was the direct response I was looking for.

**Mr Willing:** Yes, it can be backdated.

**CHAIR:** Senator Hanson-Young, I am conscious that there are five minutes left and Senator Lambie also has a question.

**Senator HANSON-YOUNG:** I have a last question, if I could. I take it from that, Ms Wilson, that the department is not interested in the proposal put forward by the groups of the need for an official six-week grace period for people going in and out of work or changing.

**Ms Wilson:** We have been talking, as recently as last Friday, with John Cherry, and his view is that most of the groups are covered. They wanted blanket access to a transition arrangement. He is very happy with all of the things we just talked about that are available and he is, I guess, doing some more thinking around the assurances we have provided.

**Senator HANSON-YOUNG:** My last question is in relation to the 12 hours. How did you come up with 12 hours needing to be the minimum that would be provided? What basis is that made on, in terms of evidence?

**Ms Wilson:** I know you have heard from a range of different people about research—

**Senator HANSON-YOUNG:** Of which 12 hours does not factor.

**Ms Wilson:** Sessions of care in New Zealand and in the UK are actually six-hour lots. That is how they got to 15 for preschoolers, which is two lots of six plus a half. Sessions of care are actually much shorter in other countries than in Australia. That is one of the things we want to change over time, because one of the things that parents complained about in the ORIMA Research consultations we did was that they often used six or seven and got pinged for 12. They are happy to pay for a little bit more but not for many extra hours. How we landed on six hours is based on some of the initial work in the UK and current work in New Zealand, which is six-hour sessions of care and two lots of six, which is two days. The research shows that two sessions in close proximity are best in terms of early childhood development—

**Senator HANSON-YOUNG:** But that is not the culture we have here. The culture we have here is long day care, which is eight to four or nine to five. It works around people's working hours as much as anything else and, if you are trying to encourage people to get back into the workforce, surely you want child care that matches working hours.

**Ms Wilson:** The 12 hours, if you recall, Senator, is for the safety net group, which is parents who are not doing anything to meet the activity test—

**Senator HANSON-YOUNG:** Yes, but the whole point of this legislation is you want people—

**Ms Wilson:** so they are not even doing four hours—

**Senator HANSON-YOUNG:** But you are arguing that it is to encourage particularly mums to get back into the workforce.

**Ms Wilson:** But if they did four hours a week, they would already meet the first step of the activity test. If they are looking for work or volunteering or training, they already meet it.

**Senator HANSON-YOUNG:** But we keep hearing, over and over again, that mums and dads want guaranteed hours for child care so that they can say yes to a job, they can say yes to the next shift, they can say yes to the new roster in two or three weeks time.

**Ms Wilson:** I think the safety net is for a different group of people to the group you are talking about, because if they were doing all those things already they would meet the 18 hours. They would meet the first step of the activity test.

**Senator HANSON-YOUNG:** I am saying parents want that guaranteed care before they take on an extra shift. That is why you need the six weeks grace period, I argue.

**CHAIR:** Point made. Senator Lambie.

**Senator LAMBIE:** With the NDIS—because we on the roll-out now; it is all coming out—what effect is this going to have on this industry? What effects can you see? Can you pinpoint what it will have to do with child care and all the rest? Where does the NDIS fit? Surely both sides of things must butt heads, whether it comes to funding, how much care you get and all the rest. Is there going to be an issue between what is going on here in child care and the NDIS?

**Ms Wilson:** I think you are asking a really important question. One of the things we have done a lot of is work really closely with NDIS and DSS, which is the lead for implementing the rollout of the package. The logic with the NDIS is that government departments who are responsible for providing programs should provide the same programs to kids with a disability, and everything should not be moved towards NDIS. We provide child care, so it is our job, as people who provide child care, to facilitate the inclusion of children with a disability into our childcare centres. We do not just say, 'NDIS is in and everyone goes to NDIS.' What we are talking about is: how much of that care do we fund?

I think we talked earlier about the Inclusion Support Program, which was implemented on 1 July this year, which provides 25 per cent extra in funding. One of the things it does is to provide hoists, ramps and extra educators to help the rest of the staff and the kids understand the special needs of a child joining the centre. All of those things we do already. It is then more about the intersection of what is provided in the centre, what is provided at home and the age. Age is one of the things we are also looking at, and we have made it so in the changes we have put in. There can be children over 13 who have a disability. Most 13-year-olds are happy to go home after school, but when it is a child with a disability their parents want the child to go to outside-school-hours care because they are not as capable of looking after themselves at home. We are also conscious of those sorts of things. There need to be exceptions for the age limit to allow certain circumstances of older children with disabilities accessing outside-school-hours care.

I have not completely answered your question. We are working really hard with the NDIS people about it, but it is our job to cater for children with disabilities and access to child care within our own programs. Therefore, we are working really hard to try and understand the intersections so that parents do not fall between the cracks.

**Senator JACINTA COLLINS:** I will not ask you to answer this now. This is part of what I would like to see on notice. You answered Senator Paterson's questions about 24 hours, no activity test. Could you provide to us the cost of 15 hours with the activity test as proposed in the compromise—that is, what the group of four were proposing; the costing for that compromise?

**Ms Wilson:** I think I mentioned earlier that that \$150 million in their submission was about right.

**Senator JACINTA COLLINS:** Can I also ask for 18 hours—

**Ms Wilson:** Sure.

**Senator JACINTA COLLINS:** 20 hours and 24 hours with the activity test. Could you provide those figures on notice, please.

**Ms Wilson:** To be really clear, Senator, just to the \$65,000? The four proposed taking it out to \$100,000, as well as a bunch of other things, but you are talking about all of these numbers for the safety net up to \$65,000?

**Senator JACINTA COLLINS:** Yes, and also the cost of continuing funding BBF services under the current system—that is, if you are going to maintain existing BBF, what the cost of that would be.

**Ms Wilson:** That is about \$68 million a year.

**Senator JACINTA COLLINS:** To clarify that financial hardship information that you provided to Senator Hanson-Young, is that based on the couple's situation? If one parent is a high-income earner but the other parent is the one who loses their job, will they still be covered?

**Mr Willing:** Some of that detail is still to be worked out. If a person is on \$500,000 and the other person is a part-time worker and that person loses their job, is that real temporary financial hardship? They are still on half a million dollars a year—

**Senator JACINTA COLLINS:** Let's not use that extreme. Let's say someone is on \$100,000.

**Senator HANSON-YOUNG:** You can use that, but I also want to know what the answer is if they are on \$100,000.

**CHAIR:** This inquiry is now 20 minutes over. I have been very indulgent. On notice, Mr Willing, please answer Senator Collins' questions. I thank all witnesses for their evidence. Answers to all the questions on notice should be provided by close of business on Thursday, 6 October 2016, so quick sticks! That concludes today's proceedings. I thank staff from Hansard, broadcasting and the secretariat for their assistance. I declare this hearing of the Senate education and employment committee closed.

**Committee adjourned at 12:34**