



18 July 2014

Committee Secretary
Senate Education and Employment Committees
PO Box 6100
Parliament House
Canberra ACT 2600

By email: eec.sen@aph.gov.au

Dear Committee Secretary,

Family Assistance Legislation Amendment (Child Care Measures) Bill (No.2) 2014 (“the Bill”)

The National Welfare Rights Network (NWRN) is the peak body for legal services specialising in social security, family assistance and employment assistance law and Centrelink administration. The Network includes 14 community legal centre members and three Aboriginal legal service associate members. There are member centres located in every State and Territory.

The NWRN welcomes the opportunity to provide a short submission to this Senate Inquiry. We note that the Bill before the Committee specifically proposes to amend the *A New Tax System (Family Assistance) Act 1999* to maintain the Child Care Benefit income thresholds at the amount applicable as at 30 June 2014, for three income years to 30 June 2017.

The NWRN opposes this amendment.

Child Care Benefit (CCB) and Child Care Rebate (CCR) are Australian government payments made to help subsidise the cost of child care.

CCB is an income tested payment. Payments are based on an hourly rate per hour of care and can be paid direct to the child care provider or to families. CCR is an additional payment which is not income tested. It covers up to 50% of out of pocket child care costs (ie, costs after deducting any CCB payments or another subsidy called JET Fee Assistance) up to a cap of \$7,500 per child per annum.

The policy behind CCB and CCR is to provide financial assistance to families to help support access to child care and achieve two goals: increased workforce participation, especially for women, and social and educational development for children.

The measure proposed in this Bill does nothing to achieve these aims and, in fact, potentially undermines the affordability and accessibility of child care. Freezing the income thresholds for CCB until 30 June 2017 will mean that more families will receive less CCB or will lose it entirely. As their CCB payments reduce, their out-of-pocket costs increase and they will hit the \$7,500 cap for CCR sooner.

This effectively reduces the level of government assistance to families. Not only that, it does it in a regressive way. The impact will be felt most by low and middle income families who can least afford to absorb any real increase in costs of child care as the value of these payments is eroded.

The government has announced a budget that hits families on low to middle incomes the hardest (eg by proposing to cut family tax benefit B payments for single parents with children over 6). This Bill only adds to the financial strain on families and has the potential to undermine their ability to access child care.

There is widespread community concern about the affordability and accessibility of child care. This wider context, including the proper place of CCR and CCB, is presently under consideration by the Productivity Commission. The role of CCR and CCB in supporting access to child care and workforce participation should not be undermined in the meantime.

Once the Productivity Commission delivers its report, the government should be looking to achieve real, structural change, and support a system of affordable and accessible access to the benefits of child care on an equitable basis for all Australian families. For the reasons outlined above, this Bill is a backward step in achieving that objective.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Maree O'Halloran', with a horizontal line extending to the right.

Maree O'Halloran AM
President
National Welfare Rights Network