

What's new in the Families Package?

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On the 2nd of December 2015 the Government finally introduced the families package legislation into Parliament. This is an updated FAQ on the Government's proposed reforms.

What's new?

The reforms are very similar to the package that was introduced under Abbott in May. There will be a new single means tested subsidy, a harsher activity test and a benchmark price funding model. There will also be a massive injection of new funds into the sector but less than was promised under Abbott. These reforms and the extra \$3.2 billion to be injected into the sector is still dependent on the passing of cuts to the family tax benefit part B (FTB B) payments, which have been stuck in the Senate since 2014.

What's different?

One change is that higher income families will receive less assistance for early learning costs. Another is that there will now be no required hours of operation per day or per week for services which could have an impact on the long day care business model and the ECEC workforce. United Voice is monitoring these developments closely.

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How much extra money will be put into the sector?

Thanks to the hard work of educators in the Quality Matters campaign, the Families Package announced in May promised an extra \$3.5 billion would be injected into the sector from 1 July 2017. However, now only an extra \$3.2 billion will be delivered. The government has saved \$300 million from the means testing changes but hasn't redirected the savings back into ECEC. United Voice, along with other sector stakeholders, is calling for the government to use that \$300 million to improve ECEC for disadvantaged and vulnerable children.

What is the biggest change for the sector?

A new single payment called the Child Care Subsidy (CCS) will replace CCR and CCB. To administer the system, parents will now be given a Medicare-style child care smartcard.

How will ECEC be funded now?

A new funding model based on a benchmark price of \$11.55/hour or \$127 a day for LDC when the package is implemented in July 2017. Parents whose centres cost more than that per day, will have higher out-of-pocket costs. This is the government's attempt to stop inflation of ECEC prices.

Will the new Child Care Subsidy be means tested?

Yes, families earning under \$65,710 will receive an 85% subsidy which tapers down to 50% as family income reaches \$170,710. The subsidy then remains at 50% until family income reaches \$250,000. After that it will taper down again to a 20% subsidy when family income reaches \$340,000 or above. Compared to the current system, higher income families will be paying more for early learning.

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When will the changes be implemented?	The new Child Care Subsidy and funding model based on the \$11.55 benchmark price won't start until 1 July 2017. Other parts of the package such as the new inclusion support program and the nannies pilot will be phased in during 2016.
Is the funding guaranteed?	No, the funding is dependent on passing controversial budget savings measures on family tax benefits Part B (FTB B) that have been stuck in the Senate since 2014. Turnbull and Birmingham have announced changes to the cuts in an attempt to get the Parliament to pass the Families Package reforms but Labor, the Greens and the independents still won't budge.
Are there changes to the \$7500 annual cap?	Yes, the annual cap on rebates will be scrapped for all families earning less than \$185,710. For families earning more than this, the annual cap will increase to \$10,000.
What is the new activity test?	A stricter activity test will be introduced based on the below fortnightly work commitments: <ul style="list-style-type: none"> • 8 - 16 hours work = eligible for up to 36 hours care • 17 - 48 hours work = eligible for up to 72 hours care • More than 48 hours work = eligible for up to 100 hours care
How will the package impact stay-at-home parents?	Parents who don't work and have a family income greater than \$65,710 will no longer receive any government subsidised early learning.
How will low income families fair?	Families who earn less than \$65,710 will be exempt from the activity test. They will be eligible for 12 hours of care per week. Under the current system they get access to double that - 24 hours per week. There is also a Child Care Safety Net for families with incomes less than \$65,710.
What about disadvantaged, at risk and special needs children?	As part of the package a new Child Care Safety Net will be targeted at families with incomes less than \$65,710. There will be three different programs to cater for at risk, special needs and disadvantaged children. Despite the change in leadership, it is still unclear which programs this safety net will replace or how much subsidised early learning it will provide to disadvantaged children.
What programs are included in the new Child Care Safety Net?	<ol style="list-style-type: none"> 1. An Additional Child Care Subsidy (ACCS) to assist children at risk of serious abuse or neglect, families at financial risk or those with parents moving from welfare into work. Start date: 1 July 2017 2. A revamped inclusion support program so mainstream childcare centres can afford staff and equipment for kids with special needs. Start date: 1 July 2016 3. A Community Child Care Fund to help set-up and promote childcare centres in disadvantaged, indigenous and low income communities as well as regional and remote areas . Start Date: 1 July 2017

Are there any changes to the NQF?	No. The National Quality Framework (NQF) is safe as educators across Australia stood up for quality.
What about universal preschool access?	Federal funding of 15 hours universal access for 4 year olds has been guaranteed until 2017.
Have government subsidies been extended to nannies?	Yes, government subsidies will be extended to nannies but only for a two year trial that slightly extends the existing in-home care program. This trial program will begin on the 1st of January 2016.
What do the stakeholders think?	The sector's stakeholders are still very concerned about the stricter activity test, the complexity of the new system and the reforms being dependent on the FTB B cuts, which are still stuck in the senate. Many providers have also voiced concern over the Government's push for hourly - as opposed to daily - billing to fit in with the harsher activity test.
What are the politicians saying?	Labor, the Greens and some independents have welcomed the extra funding into the sector but have voiced concerns about the activity test and the linking of the package to the FTB B cuts. Labor and the Greens have called for a senate inquiry into the legislation. Labor Shadow Minister for ECEC Kate Ellis has also been openly critical of the push for more flexible operating hours and the impact it might have on an already low paid workforce.
Do we have all the information?	No, the legislation doesn't reveal all the details of the reforms. Some of this detail will come to light when a Senate Inquiry into the legislation begins in the new year. We will continue to monitor all developments and keep members updated.
What are the changes to Paid Parental Leave (PPL)? Are they linked to the package?	The Government's 18 weeks minimum wage PPL scheme will no longer be available for parents who get PPL through their employers. This is not part of the Families Package, but it will have an indirect impact on the ECEC sector.
What action can I take to support the campaign's response to the package?	The more members and campaign supporters we have, the greater our ability to influence the Government's next step. If you're in the sector, join your union, get your colleagues to join, and hold a staff meeting with this FAQ. If you're a community supporter you can head to the webpage to register your support, and also like the Big Steps Campaign on Facebook at facebook.com/UnitedVoiceECEC
What do the reforms mean for educators in the sector?	More funding into the sector means we can now take our next big step: fighting for professional wages.



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