

Restricting childcare benefit would hit poorest children hard, researchers warn ^[1]

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EXCERPTS

Restricting childcare benefits for out-of-work parents would have dire consequences for disadvantaged children and would not boost the employment rate, early education experts have warned.

Details of the government's families package will be revealed in next week's budget, and it is expected the government will increase the number of hours of work, training or education that parents must undertake before being eligible for childcare benefits.

Low-income parents who fail to meet the "activity test" are likely to be eligible for fewer hours of subsidised childcare than under the existing system.

Currently, parents who meet the activity test are eligible for up to 50 hours of subsidised childcare a week. Those who do not meet the test are entitled to 24 hours a week. The government is expected to halve that to 12 hours a week, as an incentive to drive unemployed parents into paid work.

"What has been guiding us on childcare has been the objective of workforce participation. It's not a welfare payment. It's not an income support payment or anything like that. It is there to encourage people to be in work, stay in work, so families can have choices," social services minister **Scott Morrison** ^[3] told Sky News on Tuesday.

"We have over 600,000 families in this country where either both parents aren't working or they're single parent families where that parent isn't working," Morrison said. "Children who grow up in jobless families are 40% more likely to be on welfare by the time they're in their early twenties."

The executive director of the Benevolent Society, Matthew Gardiner, is unconvinced that changing childcare eligibility will affect the unemployment rate.

"There's no evidence to show that using this [childcare benefits] as a big stick will entice people into employment," he said.

The revamped eligibility criteria would apply to about 150,000 children whose parents earn a combined annual income of \$55,000 or less.

Figures released recently by the Australian Bureau of Statistics show that children from poor and disadvantaged backgrounds are less likely to attend preschool. Nearly 90% of children who have two parents in paid employment attend preschool. That rate plunges to 44% for children with two parents out of work.

Moreover, 75% of children in households with an income of less than \$1,000 a week attend preschool, compared with 88% of children in households earning \$2000 or more a week.

Deborah Brennan, from the social policy research centre at the University of New South Wales, said the entitlement changes would affect children who needed childcare the most.

"It really would be a hit on poor kids," she said. "These would be the first group of kids I would get into childcare."

"These families are juggling so many difficulties," Brennan said, noting that low-income parents were more likely to have irregular or unstable sources of income.

"Childcare is a stabilising force within these families," she said. "[The eligibility changes are] not going to work as an incentive for employment, because the parents don't control the labour market."

Gardiner said the measures would save money in the short-term by forcing ineligible families off benefits, but would be detrimental in the long run.

"We know that [preschool and childcare] have a significant return on investment," Gardiner said. "It is of greatest benefit to those children

who are most vulnerable.”

- reprinted from The Guardian

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