

Childcare payment overhaul a missed opportunity, industry says

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The childcare industry has described the Federal Government's overhaul of the sector as a "missed opportunity".

Earlier today, the Government tabled the proposed package of changes to childcare arrangements.

Under the changes, from July 2017, existing subsidies would be streamlined into one means-tested payment to parents.

Low-income-earners making less than \$65,000, will receive a subsidy covering 85 per cent of their child care costs but this will scale down to 50 per cent for average families earning \$170,000.

As well, the cap on the annual amount families can receive will increase from \$7,500 to \$10,000 per child and the limit will only apply to families earning more than \$185,000.

Earlier this week the Government announced the childcare subsidy would be scaled back for high-income earners.

Families earning more than \$250,000 will have their subsidies gradually tapered down from 50 per cent of childcare costs to 20 per cent for families earning \$340,000.

Education Minister Simon Birmingham argues the changes to child care are fair and will help those most in need.

"It's an incredibly fair proposition," he said.

"Work more you get more hours of child care, earn less you get greater support in dollar term."

Industry criticises lack of detail

Childcare providers have welcomed some parts of the package, such as the move to streamline subsidies.

But they say the Government has missed an opportunity to provide more support to vulnerable children.

Goodstart CEO Julia Davison said she was worried children from disadvantaged backgrounds would miss out on early childhood education.

"Despite the injection of additional funds, we are deeply concerned that children from many families could be worse off under these changes," she said.

"Currently children from low-income families access up to 24 hours of early learning a week under the childcare subsidy.

"Under the changes released today, for many, this will be slashed by half."

Samantha Page from Early Childhood Australia says the Government still has not released any modelling about the impacts of the changes.

"There's a lot of detail yet to come in the Minister's rules," she said.

"There are a lot of questions I think for the sector around how this package will work. So it's still quite difficult to say how this new package will impact on families across the board."

Opposition wants Senate inquiry

The bill also includes an activity test parents will have to satisfy to qualify for subsidised child care.

Under the changes, parents will have to be working, studying or volunteering for at least eight hours a fortnight to receive Government-funded support.

As previously announced, grandparent carers will be exempt from the activity test and there will be a safety net for low-income-earners who do not meet the test.

They will also be able to access 12 hours a week of subsidised care, but that is down from 24 hours a week available under the current system.

The Opposition has accused the Government of "disastrous mismanagement" of the childcare package.

Labor's early childhood spokeswoman, Kate Ellis, said the Government needed to say how many families would be worse off and how many children would be forced out of the childcare system.

"There remain too many unanswered questions about this childcare package," Ms Ellis said.

"Labor will today be ensuring that this package goes to a full Senate committee for examination as to the impacts on Australian families.

"This is a Government who is spending some \$3 billion to make child care more expensive for tens of thousands of Australian families.

"Labor won't be a doormat on these changes, early education is too important for children's development and too important for families."

Senator Birmingham rejects the argument.

"The only way, aside from those high-income-earners, that people might in any way be disadvantaged is if they fail to meet the activity test," he said.

"And the activity test is an incredibly light-touch activity test; it requires only a few hours of work each week.

"The activity test includes studying and volunteering, as well as working, so there's no reason as to why any family need necessarily be worse off in those lower-income categories."

Gwynn Bridge from the Australian Childcare Alliance has concerns about the impact of the proposed activity test.

"We just urge the Government, while they're still working on the final documents of the Bill, to remember the children who one day will be told you can't come back anymore because your mummy doesn't work," she said.

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