

The PC Draft Report: Initial views from a providers perspective

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CCCH, 24 July 2014

Vulnerable Children – winners and losers

Special Needs and children at risk

- Additional subsidy for special needs to offer more assistance but funding could be capped and places, hours or eligibility may need to be rationed.
- SECLS for children at risk must be referred to agencies and have a case manager

Parents on income support, and single parents

- 100,000 very low income families lose access to ECEC due to work test, particular impact on single parents
- JETCCA is abolished. Parents on income support receive the new subsidy if they meet the activity test and their co-payments are increased

Others

- Special CCB abolished for families facing financial hardship
- Grandparent CCB reduced from 100% of fee to 90% of 'deemed cost'

Strengths

Increased investment is recommended

- Moving from CCR/CCB to ECLS increase in funding from \$5.6b to \$6.9m
- Modelled average out of pocket costs fall from 37.6% to 29.9%

Assistance targeted at low income families:

- Threshold for maximum assistance raised from \$42k to \$60k
- Maximum assistance rising from 81% of median fee to 85%

Supports funding for preschool

Supports the NQF, including ratios

Recognises the need for additional assistance for children with additional needs (+\$195m)

The proposed ECLS system – things we're considering

New subsidy based on % of 'deemed cost' and income

- Impacted of taper and the income thresholds
- Work test
- How will the hourly rate apply (cf. daily rates)
- Calculating and implementing a 'deemed or efficient cost of care' – high impact, high risk
- Calculating and implementing a 'benchmark median price' – key risk
- Varying rates for 0-3, 3+ age ranges
- Varying assistance for numbers of children
- Possible loadings for geographic areas (e.g. inner metro)
- Other non-preferred models proposed within funding envelope
- Impacts on social purpose objectives - research shows disadvantaged children are most likely to benefit from quality ECEC but least likely to attend

Risks to consider

Impact of setting the 'deemed cost' too low

- Critical design component
- PC has acknowledged the complexity of calculating an efficient price,
- Deemed cost could reflect median fees or a **lower** level, eg 25th percentile
- Could reduce funding for families on <\$160k, including very low income families if their fee is above the 'deemed cost'
- Three other funding options within the funding envelope with more losers

Tighter work test

- Critical design component
- More than 97,000 children from low income families lose access to an ECEC subsidy due to the work test

Supports the NQF, including ratios but...

- Waters down the qualifications requirements for children aged 0-3 years and removes them from ECT allocation calculations
- Suggests reduced ratio requirements across the day

Removes Preschool from the NQF

- Unwinds national consistency achieved through the NQF

Removing FBT & PRT exemptions for NFP providers