We were so pleased with the level of feedback on our sector survey regarding the Child Care Subsidy Package. Responses provided highly detailed feedback, which we have provided to the Australian Institute of Family Studies to inform their evaluation.

Overall you told us that:

- the new package has had a slightly negative effect overall, but has had a significant negative effect on services in low socio-economic areas
- The package has been complicated to implement, with many services citing examples of working directly with families to support access
- Several administrative rules - such as the 8 week enrolment rule and the paying of back payments to parents, are negatively impacting providers.

Detailed below is what your told us, how it compares to the recently released Child Care Early Monitoring Report, and what we will do to respond.
What you told us

**IMPACT ON SERVICE**
Members provided feedback that the Child Care Subsidy Package has had a moderately negative impact on their service. A range of reasons were given, with a key point being the administrative burden caused the changes. You told us that:

“It has generally increased the workload / man hours on our admin staff assisting vulnerable Families in understanding the new package.”

Several providers also quantified the extent of the increasing burden, which expanded their administrative load dramatically:

“The main downfall is the increased paperwork involved with the new process. 40% of our families have needed our one on one support in accessing MyGov and authorising enrolments. Our emails increased by 300% which in turn created a huge financial cost...”

**COMPLEXITY OF ADMINISTERING PACKAGE**
You told us that the package is moderately complicated to administer. Some of these issues were due to teething problems:

“As our service is located in a low socio-economic area and access to computers is limited, parents required a lot of help in becoming familiar with mygov / ccs / confirming. There were a lot of teething issues and as a result it was a tedious transition period.”

Other issues are driven by the nature of the changes to the package:

“It’s a lot more time consuming. Entitlements change without notice, payments are reconciled and taken back from the service, altering family account balances.”

“The 8 week rule causes considerable confusion for families. It means our casual or vacation care only families are frequently receiving notifications of their child’s enrolment ceasing. We would prefer it to be a 12 week rule.”

You also told us that families are finding the system very complicated.

“We have seen it become much more complicated. Families initially trying to apply for CCS were stalled by glitches in the system.”

Services in low socio-economic areas in particular found that families needed extra support through the enrolment process, including the provision of internet access in some cases.

“The complicated system that requires input from the family, then the service, then the family has too many interdependent steps. This is especially difficult for low SES families and people who do not speak English as their first language - these families being our most vulnerable.”
Service viability

On average you told us viability was only slightly worsened by the new package, but responses varied according to socio-economic status of the families accessing your services. Some services reported improved viability, whilst many services in low socio-economic areas raised significant concerns. Some of these concerns are based on how the system operates:

“Payments are inconsistent. Centrelink payments to parents can change without any notice or explanation to the service and then we have to try and recoup money owed to us. Parents CCS sometimes takes a long time to come through therefore they are required to pay full fee in the interim and our families are not in the position to do that. We find it extremely difficult to get our families to pay at the best of times.”

Other concerns are based on the limited access for families not meeting the activity test or losing eligibility for subsidies:

“It’s more difficult now for families with low activity hours or mums who are staying at home. They have all had to reduce hours as they are paying either full fee or only receive enough funding for a day or two per week (two only if we provide a shorter session). Families at the other end of the scale also dropped days as their subsidies dropped to nothing or are still capped so they get hit with full fee for several months at the end of the financial year that they need to budget ahead for.”

“We have seen a significant reduction in attendance. Full time clients have dropped to 3 days per week.”

Service affordability

Your feedback on service affordability was reflective of the nature of the changes to the Child Care Subsidy – some parents are paying less whilst others are paying more.

“Affordability hasn’t really changed for us.”

“For some families (about 50%) they have more affordable fees, and the other half less.”

You also told us that the changing levels of subsidy can be stressful for families.

“Persistent application of CCS fee reduction estimates when it has been determined that a family has reached their cap plays havoc with a family’s ability to budget, creating great emotional and financial stress...the Child Care Package is supposed alleviate this.”

Affordability for vulnerable families was raised a significant concern by services:

“For many unemployed families their hours have dropped drastically. As a service we have had to adjust our fee structure to accommodate family needs. The issue for family affordability is in regard to going over their hours each week - if they are early or late, or book an extra day, they risk going over their fortnightly hours and risk paying full fees on the excess.”
Availability of places

Most services felt the package has not impacted on the availability of places. Some providers suggested this was because of waiting lists – if one family leaves another will take their place.

“Our enrolments at the beginning of the year were a little slower than in previous years, however this could be due to other factors. Our enrolments are fairly stable generally”

The exception was for some services in low socio-economic areas:

“...We have seen a drop in enrolment numbers due to the drop in hours many of our unemployed families are entitled to. We have also found it more difficult to provide places and budget for staffing due to the necessity of offering shorter session times.”

Providing assistance for children with additional needs

Many services cite no changes because they do not provide services to children with additional needs. For services that have children with additional needs, issues related to hours of access arise:

“With many families now eligible for lower hours, children with additional needs have less access to care. Also, with the difficulty that comes with getting approved in the first place, we have had families who have just given up after months of waiting for eligibility issues to be resolved.”

Supporting vulnerable children

You have told us that you are making changes to enable your services to continue to support vulnerable children:

“We can still support vulnerable children however that is largely because WE changed our sessional hours to accommodate the change in ccs hours for most parents. With the changes, many vulnerable children are without eyes on them regularly enough due to the change in CCS hours.”

However, systems and processes, particularly regarding the additional Child Care Subsidy, are difficult to navigate.

“ACCS has been very difficult to navigate. We’ve endured hours of conversations to different departments, and we’ve had to explain the whole scenario again every time. We’ve spent hours on hold and have lost monies transferred from the service to individual families through Centrelink which we have a low chance of receiving back.”
How does feedback compare to early feedback received in the Child Care Evaluation?

Your feedback is consistent with feedback recorded in the Child Care Early Monitoring Report, which is the first part of the evaluation of the new Child Care Subsidy. This report detailed many initial teething problems with implementing the new package. It also highlighted ongoing administrative concerns, with the administrative burden for child care shifting from Centrelink to early childhood education services. The report showed that whilst affordability has improved for many low income families, one in four families earning less than $65,000 say child care is less affordable.

Key ongoing issues in the report include difficulties gaining approval from Centrelink for some children, and significant financial viability concerns exacerbated by backpay going to families when debts have accrued for child care.

What happens next?

CELA will use your feedback to advocate for changes to the Child Care Subsidy Package. Whilst some of the issues raised will need to be addressed as part of a long term look at the package, we will advocate for the administrative issues to be addressed in the short term.

These include:

- Extending the 8 week subsidy access period to remove administrative burden on occasional care providers
- Reviewing the system of backpay to support service viability
- Encouraging support from Centrelink to work individually with vulnerable families to gain access to services

We will keep you informed as we seek to address these issues.

What can services do?

Services can and should raise issues with the Minister for Education. We would encourage you to continue to participate in the review of the Child Care Subsidy. CELA will keep you informed of opportunities for engagement.

We are here for you – so if you are facing issues please alert us and we will support you.