

## Special Child Care Benefit: Reducing the red tape for vulnerable children and families

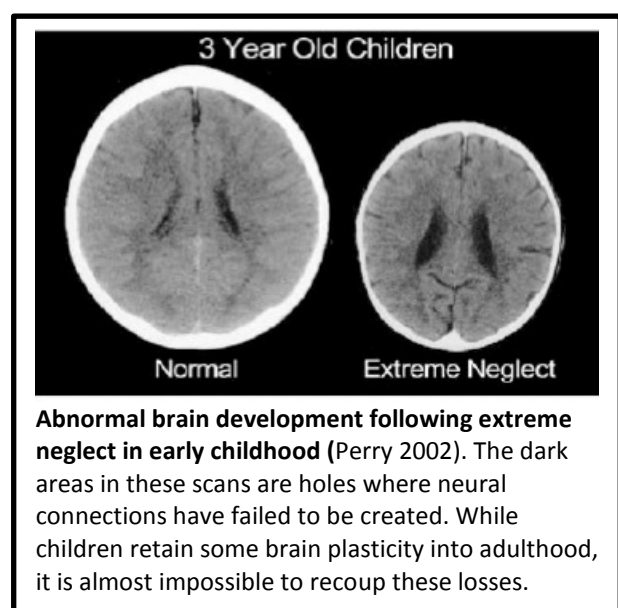
Investing in disadvantaged young children is a rare public policy with no equity-efficiency tradeoff. It reduces the inequality associated with the accident of birth and at the same time raises the productivity of society at large (Heckman and Masterov, 2007).

In Australia, the children and families who would most benefit from child care and early childhood learning have to battle through the most red tape to access it. While the administration of the Special Child Care Benefit for children at risk of serious of abuse and neglect has improved since its introduction 1999, the fundamental mismatch between short term funding and the long term needs of vulnerable children continues to generate extensive paperwork and high administrative costs, limiting access to child care and early education for vulnerable infants and young children. As a result, their development is further compromised, with dire consequences for their future health and well-being and at high cost to the broader community in terms of lost productivity and expenditures on health, income support, homelessness, crime and incarceration.

The Productivity Commission's Inquiry into Childcare and Early Childhood Learning is an opportunity to identify remedies to this inefficient and inequitable situation. It is a win/win proposition: improving access to quality child care generates benefits to children, their families, and the community, the value of which are many multiples of the cost of the child care and early learning programs themselves.

### Access to Quality Child Care and Early Learning Prevents Irreversible Harm to Vulnerable Children and Benefits the Community

When denied access to safe and nurturing learning environments, vulnerable children are at risk of irreversible harm. Development in infancy and early childhood occurs at a more rapid pace than any other time of life. Stable, predictable, nurturing care that includes a stimulating environment is necessary throughout infancy and early childhood to enable healthy physical, cognitive, language, social and emotional development. Abuse and entrenched neglect can impair all aspects of young children's growth and development. Parent-child attachment relationships



characterised by abuse, neglect and traumatic interactions are a source of toxic stress for children, causing physiological stress responses (e.g. cortisol levels) to remain activated at high levels over prolonged time periods. This can damage developing brain architecture thereby impairing the child's capacity to regulate their emotions and develop healthy and adaptive responses to stress. This in turn leads to lifelong problems in learning, behaviour, and physical and mental health and increases the risk of parenting problems, disturbed parent-child relationships, and abuse and neglect in the next generation (Perry 20002, CODC 2010, AAP 2012, and NSCDC 2012).

Gaps in cognitive and social skills that develop between children early in life become entrenched in later years. This happens because skill development is dynamic and hierarchical – children who miss out at an early age lack the necessary building blocks and foundation for subsequent learning. Children with deficits in their cognitive and social skills before the age of five therefore are likely to have these deficits persist into later life, and these deficits then become the basis of problems such as low education attainment, unemployment, teenage pregnancy, and involvement in crime. From *Neurons to Neighbourhoods*, a review of research on early childhood development by the National Research Council and Institute of Medicine in the United States concluded that: 'Virtually every aspect of early human development, from the brain's evolving circuitry to the child's capacity for empathy, is affected by the environment and experiences that are encountered in a cumulative fashion, beginning in the pre-natal period and extending throughout the early childhood years (p 6).'

A variety of early years childcare and education programs targeting disadvantaged children have been implemented in the United States and United Kingdom. In the US, the Perry Preschool program randomly assigned 123 three and four year olds from a low income African American neighbourhood to an intensive early intervention program. The outcomes for the intervention group were superior to the control group in terms of educational attainment, income, and behavioural risk factors. Participants performed better on literacy tests, high school graduation rates were 20 percentage points higher compared to the control group, and a higher proportion went on to university. Another example is the Abecedarian Project which began in North Carolina in the 1970s, with 111 infants randomly assigned to either an intervention group or a control group. There were substantial academic benefits for those children assigned to the high quality early intervention program. These children scored significantly higher on tests of reading and maths from the primary grades through to middle adolescence and had higher high school graduation rates and higher participation rates in tertiary education. There were also significant health benefits with program participants less likely to smoke. More generally, reviews of early years education programs in the United States find consistently positive outcomes using measures of the benefit-cost to society. Karoly et al. and Cunha and Heckman calculate that the return on investments at least 8:1 for early childhood development programs (as opposed to only about 3:1 in primary and secondary education). Similarly, Van der Gaag estimated that every \$1 invested in early childhood programs provides a minimum return to society of \$3.

When families are struggling to provide safe and nurturing environments for their children, access to quality child care and early learning is critical to ensure that their children's development is not compromised. Access to care can help families stay together and where this is not possible, enrolment can provide stability when children are relocated (and frequently re-relocated) to safer environments.

## The Special Child Care Benefit for at Risk Children: Good Intent Frustrated by Red Tape

Section 47 of A New Tax System (Family Assistance Act) of 1999 recognises the needs of vulnerable children and their families by allowing for child care benefit by fee reduction for care provided by the service to a child at risk for a period of up to 13 weeks once each financial year. This is one of the two categories of Special Childcare Benefit (SCCB); the second category addresses temporary economic hardship.

In the first instance, eligibility is determined by the child care service itself. All that is required is that:

- (a) at the time the care is provided, the service believes the child is at risk of serious abuse or neglect; and
- (b) the care is provided in Australia (47(1)).

Services determine the initial number of weeks of fee reduction, the weekly limit of hours the child can attend, and the amount of fee reduction, which can be up to 100% of the service's usual fee. The child care service is supposed to complete a claim form and retain the form for its own records for 36 months (DEEWR (2012), p 213). While services are encouraged to seek it out, there is no requirement to include independent supporting documentation in the initial paperwork. The service's initial decision to approve SCCB (or not approve) is not reviewable by the Commonwealth (p 210). The total amount of the SCCB, both for children at risk of serious abuse or neglect and families experiencing temporary economic hardship, that a service can approve in one quarter is limited to 18 per cent of the total CCB paid to the service in the quarter before last (pp 203-228). This ceiling can be raised can be raised by the Commonwealth Department of Early Childhood and Education.

After a child care service has made an initial determination of eligibility, further periods of up to 13 weeks can be approved by the Commonwealth on application. There is no limit to the number of times this SCCB can be renewed, nor is there an upper limit of funding as a percentage of a service's total CCB funding. These applications are made to the Special Child Care Assessment Team (SCCAT) in the Department of Human Services (DHS). Approvals are made on a case-by-case basis and SCCAT relies on the child care service to assemble sufficient evidence of abuse and neglect. While the DEEWR *Child Care Service Handbook* and the DEEWR and DHS *A Guide to Special Child Care Benefit* provide some direction on the kind of evidence that would be accepted, it is very open-ended. Rather than defining a clear standard for documentary evidence, services are urged to provide as much as possible.

Child care services are responsible for providing sufficient information to allow DHS to make a reasonable assessment of the application. It is expected that as much documentary evidence as possible is provided to support a SCCB application (DEEWR and DHS (2012), p 11).

While the formation of SCCAT has improved the consistency of approvals, there is no certainty that SCCB will be renewed, making it difficult for services to plan for places.

The flaw in this process is the mismatch between SCCB funding, which has been designed as a short term intervention, and the long term needs of vulnerable children. This generates a cycle of red tape and imposes high costs on any child care service that wishes to support vulnerable children throughout their critical formative years.

Child care services are presumed to have the expertise to assess risk and are expected to bear the costs of making the case for each renewal of SCCB. This includes assembling documentary evidence from independent agencies, including child protection agencies, child and family welfare agencies, agencies specialising in mental health, family violence, family law, homelessness, drug and alcohol rehabilitation and indigenous services as well as professionals including medical practitioners, police, psychologists, teachers and principals, members of the clergy and counsellors (DEEWR (2012), pp 24-216; DEEWR and DHS (2012), p 35). Anecdotal evidence indicates that the preparation and assembly of each application takes at least three hours per child every 13 weeks. This time is spread out over many days as the child care services collect evidence from independent providers. If SCATT then requests additional information, as they seem to in a majority of cases, it can take an additional 2 or more hours per case. The overall process generally takes three weeks or more from application to approval.

Child care services bear the cost of establishing and maintaining relationships with independent agencies and professionals and renewing the supporting documentation every 13 weeks. Meanwhile, the risk factors for abuse and neglect are long term risks that in almost all cases persist throughout childhood. These risks are documented in *A Guide to Special Child Care Benefit* (DEEWR and DHS, 2012):

	<b>Risk Factors</b>
<b>Child</b>	Very young age (infants and toddlers)
	Physical, intellectual or sensory disability
	Indigenous ethnicity
	Child aggression, behaviour problems or attention deficits
	Female gender (partic. for sexual abuse)
<b>Parental</b>	Substance misuse, particularly alcohol and
	Mental health problems such as depression, low self-esteem, poor control of impulses, or antisocial behaviour
	Intellectual disability
	Young maternal age

	Stress, such as financial pressures, job worries, medical problems or taking care of a family member with a disability
	Significant lack of parenting skills, including unrealistic expectations that show a lack of understanding of a child's developmental stages and behaviour
	Low educational attainment
<b>Family</b>	Domestic violence and conflict between parents
	Single parent families (are over-represented in investigations of child abuse or neglect)
	Family instability, where the composition of the household frequently changes as family members and others move in and out
	Overcrowded households
	Homelessness
	Death of either parent before a child is 15 years old
	Large numbers of children being cared for by a young single mother
<b>Social</b>	Social isolation and limited access to support networks can increase the risk, as can geographical isolation and a lack of access to extended family
	Poverty and low socioeconomic status can heighten the risk of maltreatment. These factors alone are not considered to be risk factors for abuse or neglect, but may influence the level of risk and the degree of harm that may occur

A Guide to Special Child Care Benefit (2012), p 31.

Furthermore, this mismatch is exacerbated by the adoption of in the guidelines for SCCATT of an interpretation of the meaning of “at risk of serious abuse or neglect” to mean “current” risk of abuse and neglect, although there is no actual definition in the Act (DEEWR and DHS (2012), p 7). However, recovery from exposure to abuse and neglect can take years and it would be exceptional for a child's issues to be resolved in a 13 week period. Continuity and consistency of care over time is an important underpinning of child development and it is especially important to vulnerable children. Changes in care after a few months can set back a child's recovery and development. For at risk children and families, child care is often the most reliable part of otherwise chaotic lives and gives children extra resilience when their home environment is in flux.

Continuity of care is also undermined by the provisions in Section 49 of the Act that allow the responsible Minister to exempt children in state care or other specified classes of children from SCCB. Children in state care are the most vulnerable children in Australia and participation in quality child care and early learning is critical to their health and well-being as children **and** as adults.

The SCATT approval process can also affect the continuity of care when children have to leave a service because of delays in the approval of renewal of funding. This has been known to happen to children who have had already multiple renewals and then SCATT unexpectedly makes requests for additional information to support their application. For example, it appears that SCAAT's change in approach at the beginning of the 2012-13 financial year meant that many vulnerable children lost SCCB funding because of delays in approvals. While many of these applications were eventually approved, a significant number of children lost access to services -- temporarily or permanently -- for financial reasons, placing them at greater risk.

## How to Make SCCB Work Better for Vulnerable Children and Their Families and for the Child Care Services that Support Them

Anecdotal evidence indicates that the take up of SCCB for children at risk of serious abuse or neglect is very small relative to the number of children and families in need, largely because of the administrative barriers to accessing the benefit. In considering the needs of vulnerable or at risk children as specified in the terms of reference for the Inquiry, the Productivity Commission should first quantify the participation of children at risk in child care and early childhood learning with the support of SCCB. This will establish participation rates and the degree to which SCCB is meeting the needs of this population. The next step will be to improve access by reducing administrative red tape.

### **Quantify the actual use of SCCB by children at risk**

The Inquiry could immediately advance the analysis of access to child care and early learning by vulnerable children by quantifying the number of eligible children and the proportion who actually receive the SCCB for child at serious risk of abuse or neglect. While the Department of Education and Early Childhood regularly publishes a statistical overview of Child Care and Early Learning, the data does not include a breakdown of how many children are supported by SCCB for children at risk, for what periods of time, and at what cost (DEEWR, 2013). (Nor are there figures available for SCCB for temporary economic hardship.)

Providing priority access to childcare and early childhood learning was one of the original strategies of the COAG National Framework for Protecting Australia's Children to ensure that Outcome 2 of the Framework -- *Children and families access adequate support to promote safety and intervene early* -- was achieved (COAG, 2009, pp 17-20). In support, the 2009-10 federal budget earmarked funds for the promotion and additional take up of SCCB:

The Government will provide \$3.0 million over five years for the development and delivery of a communication strategy to increase awareness of the availability and application process for the Special Child Care Benefit. The measure is expected to result in increased expenditure on Special Child Care Benefit of \$34.8 million over four years due to the

expected increase in the take-up of existing entitlements, bringing the total cost of the measure to \$37.8 million over five years (Budget 2009-10).

However, there has been no reporting on the subsequent take up of SCCB. Quantifying both the number of SCCB approvals by service providers and renewals by SCCAT would give a clearer picture of the resources currently made available to vulnerable children and families and whether they are adequate.

COAG estimates 9,001 children aged 0-4 commenced intensive family support services in 2011-12. These are cases where child protection concerns have been identified, but children have not been taken into care and also when children have been in care and there is an effort to reunite families (COAG, 2013, p78). Presumably all these children would be eligible for SCCB for children at risk. If roughly the same number of children aged 0-4 enter intensive family care each year, roughly 35,000 children under 4 should be eligible for SCCB.

### **Create a baseline for the performance of the Special Child Care Assessment Team (SCCAT)**

While the processing of applications has improved since 1999, there are still issues around the administration of SCCB renewal that put vulnerable children at additional risk and compromise their development. Establishing a baseline for SCCAT's performance would allow measurement of future improvement. This should include the number of applications received on behalf of children at risk; what proportion of the applications are for children who have already had earlier applications approved by SCCAT; how many requests are made to child care services for additional independent documentation; how long the approval process takes; and the frequency and length of the gaps vulnerable children experience in SCCB funding, affecting their continuity of access to services.

### **Reduce red tape by streamlining renewals for twelve months at a time**

Because children's risk factors generally do not change over time, the administrative costs of renewing SCCB via SCATT could be significantly reduced by allowing child care services to resubmit the same documentation with each application for renewal for up to twelve months. SCATT could further reduce administrative costs by automatically approving requests from renewal for up to twelve months (three renewals) from child care services who are rated as meeting or exceeding the National Quality Standard (NQS) by the Australian Children's Education & Care Quality Authority (ACECQA). Before renewing SCCB for services that do not meet the NQS, SCATT should assure that the services are able to meet the needs of vulnerable children.

### **Recognise the cost of renewals and compensate child care services who are serving vulnerable children**

The cost of applying for SCCB creates a disincentive for child care services to enrol vulnerable children and imposes a penalty on services that do support them and their families. These costs should be recognised and services that are successful in renewing SCCB should be compensated by the Commonwealth. This could involve a payment once every twelve months that reflected the staff time required to document cases for renewal for SCCAT.

### **Develop a tool for assessment of eligibility with clear definitions and requirements for evidence**

While the development of *A Guide to Special Child Care Benefit* by DEEWR and DHS has improved the processing of SCCB renewals, clearer definitions and requirements for evidence would reduce administrative costs and provide child care services with more certainty around eligibility. Developing standardised criteria for assessing risk and including this information in the Child Care Service Handbook would reduce the costs of applying for SCCB.

### It Will Cost More to do Nothing

Of all the potential improvements to the Australian child care and early childhood learning system, increasing participation by vulnerable children will generate the highest returns for the Australian community. Providing a good start in life for at risk children is in everyone's interest. This has been recognised by the Commonwealth by prioritising the needs of vulnerable children in this Inquiry. The challenge now is to do it.



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