



COMMONWEALTH OF AUSTRALIA
PARLIAMENTARY DEBATES

SENATE

Official Committee Hansard

COMMUNITY AFFAIRS LEGISLATION
COMMITTEE

**Reference: Child Care Payments Bill 1997 and
Child Care Payments (Consequential Amendments and Transitional
Provisions) Bill 1997**

FRIDAY, 3 OCTOBER 1997

BY AUTHORITY OF THE SENATE
CANBERRA 1997

SENATE

Friday, 3 October 1997

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Portfolios: Health and Family Services; Social Security

Members: Senator Knowles (*Chair*), Senator Lees (*Deputy Chair*), Senators Denman, Eggleston, Forshaw and Synon

Senators in attendance: Senators Abetz, Brown, Bob Collins, Colston, Cooney, Crowley, Evans, Faulkner, Gibbs, Harradine, Mackay, Margetts, Murphy, Patterson, Reynolds, West and Woodley

The committee met at 8.49 a.m.

Matter referred by the Senate:

Child Care Payments Bill 1997 and

Child Care Payments (Consequential Amendments and Transitional Provisions) Bill 1997

CHAIR—I declare open this public hearing of the Senate Community Affairs Committee. The committee is continuing to take evidence on the Child Care Payments Bill 1997 and the Child Care Payments (Consequential Amendments and Transitional Provisions) Bill 1997. All submissions to the inquiry have been publicly released by the committee and are available from the secretariat. I welcome representatives of the Queensland Child Care Coalition today.

BRIDGE, Mrs Gwynneth May, Steering Committee Member, Queensland Coalition on Child Care, 22 Victoria Street, Kelvin Grove, Queensland 4059

BUCK, Mr Christopher Robert, Spokesperson, Queensland Child Care Coalition, PO Box 306, Red Hill, Queensland 4059

TURNER, Ms Wendy Christine, Steering Committee Member, Queensland Child Care Coalition, PO Box 306, Red Hill, Queensland 4059

CHAIR—Witnesses are reminded that evidence given to the committee is protected by parliamentary privilege. However, I also remind you that the giving of false and misleading evidence to the committee may constitute a contempt of the Senate. The committee has before it your submission. Do you wish to make any alterations to your submission?

Ms Turner—Probably only answering of questions

CHAIR—Do you have an opening statement that you would like to give?

Ms Turner—I would like to read from our submission. The Queensland Child Care Coalition appreciates the opportunity to provide written and verbal submissions to the Senate committee inquiring into the effects of budget cuts to the children's services program. The bulk of our information will be provided by the QCCC verbally. Our written submission is brief and includes the following: an introduction of the QCCC terms of reference and membership, impact of the 1996-1997 budget initiatives, and an analysis of the bills before the committee, which Mr Buck will address. Attachments as listed are there for senators' information.

The QCCC was formed in April 1997 in response to community concern about recent significant changes in the federal government's child-care policy. The QCCC is a broad coalition of some 40 organisations: child-care providers from the community sector, the private sector, family day care and outside school hours care; kindergartens; educators; women's groups; community groups; churches; business representatives; and trade unions. Terms of reference for the QCCC can be found at attachment 1.

A brief industry profile of the Queensland Child Care Coalition is also included in the introduction to our June 1997 survey, which was undertaken for the loss of operational subsidy to the community sector. That can be found at attachment 3. Whilst the QCCC acknowledges there are positive aspects to some policy changes—for example, the new planning scheme—we feel the negative impacts for families far outweigh those positives.

In relation to the impact of changes to date, the QCCC believes in monitoring the impact of child-care changes, analysing the impact across the whole community and disseminating information regarding the impact of those changes. To this end the QCCC conducted a survey of community based child-care centres in June this year to analyse the impact of loss of the operational subsidy. The results of this survey of concern are at attachment 3 and are consistent with similar surveys conducted in the private sector and community sector elsewhere in Australia. It is our intent to refine the survey and conduct another survey across the whole of the Queensland child-care services on a six-monthly basis. That information is being put together at this point in time.

The QCCC sees the child-care policy changes in the context of the Economic Planning Advisory Commission's *Future child care provision in Australia* report 1996. A significant proportion of the recommendations contained in this report are being implemented by the federal government. These are, in the main, economically driven. We believe that the imperative is the dollar bottom line rather than the quality of care for Australian children. This is a disturbing development.

The magnitude of child-care policy changes over the last 12 months in two federal budgets has been significant. The implementation of the changes, however, has been cleverly staggered. The effect of which has been that many parents do not necessarily link the impact of the changes to the government decision making processes. These changes have included the August budget initiatives.

These initiatives have included: as of 1 April the removal of the \$30 per dependent child income disregard for the purpose of assessing family income; the capping of child-care assistance and cash rebate fee ceiling of \$115 a week for full-time care; no indexation of that child-care assistance ceiling for the next two years; a 50-hour cap on child-care assistance for any one child, with some exemptions; a reduction in the child-care assistance income cut off for families with two or more children; a reduction from 30 per cent to 20 per cent for eligible families claiming the child-care cash rebate; and as of July 1997 the removal of operational subsidies for community long day care centres with the exception of occasional care, outside school hours care, multifunctional Aboriginal children's services and family day care.

The May 1997 budget initiatives have, pending legislation, the effect of, from 1 January 1998, redirecting outside school hours care operational subsidies into child-care assistance payments for families based on an hourly rebateable fee of \$1.95 per hour as opposed to the current long day care and family day care rebateable hourly fee of \$2.30; and applying a 20-hour limit on the access of child-care assistance for non-work related care. The QCCC recommends that a review be sought on the 20-hour non-work related care—

CHAIR—Is it necessary for you to read the submission? We have all read it.

Ms Turner—You have?

CHAIR—We have got it.

Ms Turner—Maybe if I just pull out some main points then. I draw attention particularly to the affordability aspect of child-care which is coming through in relation to some of the policy changes and, quite definitely, the impact it is already having on jobs, particularly in Queensland. One of the things the coalition is looking to do is to ask government to have a look at the overall impact of those job losses. For example, the add-on services that child-care centres utilise—nappy services, contract cleaning services and the like—are being cut. Therefore, that is being compounded out there in the community.

CHAIR—Are you saying that children will not wear nappies if they do not go to child care?

Ms Turner—No, I am not saying that at all. I am saying that those businesses have been around as a result of the child-care industry.

Affordability is a big issue. It certainly is an issue for students. Mr Peter Lindsay should be congratulated because yesterday in the House he espoused the benefits of quality child care being excellent value for \$170 a week or approximately \$4 an hour. That is quite true. We acknowledge that fact. But the problem is that many families cannot afford that because of the gap fee and the \$115 rebateable hourly fee. So that is the flow-on effect. The coalition wants to look at the big picture impact.

The pre-election promise that all parents have fair and equitable access to affordable, flexible and high quality options regardless of whether they choose to participate in the paid work force or care for their children at home is simply not being met. The outcome of the policy changes to child care has resulted in a reduced demand. There is anecdotal evidence of families being forced to make alternative choices about their care because of this affordability aspect. I am saying 'anecdotal evidence' here because it is our intention to get further information on this, as was requested yesterday. That is extremely important and we intend to do that.

In conclusion, we wish to state that we feel that the federal government has moved too far too fast. We are not saying that there was not the need for reform; we are saying that these changes have been too great for this industry or profession to take on without giving thought to, or analysing the impact of, policy changes on children and their families.

The impact on unemployment and, more importantly, the long-term social and financial consequences for the Australian society are the things that we should be looking at. We believe that no further policy changes should be made until such time as the impact of changes made to date have been properly assessed and strategies implemented through consultation with key stakeholders to address the negative outcomes of the so-called reform agenda. I thank you for the opportunity.

CHAIR—Is anyone else wanting to make a comment?

Mr Buck—I am trying to benefit senators by a review of the bills, both the Child Care Payments Bill 1997 and its explanatory memorandum and the Child Care Payments (Consequential Amendments and Transitional Provisions) Bill 1997 and its explanatory memorandum. That is provided for you there, but I will just speak to those notes.

First off, I would like to thank the senator for drawing our attention, the Chair's attention, to the fact that the disallowable instruments will be made available in due course. I would also like to note that I have had the opportunity to have a brief look—'brief' being the most operative word—at the department's submission. It does list many of the disallowable

instruments but, alas, even at this point it does not give us details of what those instruments shall mean.

CHAIR—But there is nothing sinister or unusual about that.

Mr Buck—We recognise that they are not sinister, but the industry clearly needs information about those allowable instruments to form a final view and to put the jigsaw together. That is the way the industry is: it is a jigsaw. We try to keep it together as best as possible.

I make the point very clearly—and it is covered in the very first note—that we do not have the resources of government—we do not have QCs and so on and so forth to put legal interpretations and so on and so forth. But we have done the best that we can. Of course, we are happy to be advised by the senators—or by anybody, for that matter—as to a different point of view.

The coalition points of view come from many industry groups, as is listed in the document. The coalition, as with most coalitions, sometimes has a slow process with respect to forming a consistent point of view, simply because we have to go through a consulting process also. However, that has been galvanised by the general industry concern. I am happy to address that also.

There are two bills: the ‘principal’ bill, as I have called it, and the ‘transition’ bill. The first point in the principal bill is the date—1 January 1998. As has been expressed by others, that is a date of great concern, quite simply because it is a major time for the industry in that many children who are in care cease to be in care and new children are coming into care. Someone talked about the settling down of babies and that sort of thing: there is settling down of children, settling down of parents—the whole lot makes it a complex time. It is a time when the industry needs all its hands on deck; 1 January 1998 is rather an undesirable time for any new major changes, no matter how desirable they may be.

I make the point that approval is now required for family day care, occasional care and out-of-school hours care. The industry welcomes the review and appeals system, and compliments the minister on that aspect.

The principal aspects of the bill are: the \$1.95, \$2.30, for long day care, the 20-hour work related care, the planning system, and immunisation—for which the government ought also be congratulated.

The transition bill is principally about continued operation and the grandfather clauses for the out-of-school hours children. I might say there may have been some comment from the industry, if I can just comment on that. When the first bill was released towards the end of June 1997 without the transition bill, the industry certainly may have overreacted, because the transition bill details were not available. I guess that that is also a reflection of the disallowable instruments not being available. That may have been an undesirable but predictable response as a result.

In relation to the financial impacts of the bill, the principal thing about the impacts is that the financial impacts in the explanatory memorandum are exclusively and strictly federal government and, most particularly, agency and Department of Health and Family Services effects only. There is no consideration of whole of government effects. Many of the associations have attempted—I agree crudely—to assess the effects on the Australian populace of what that might be; nevertheless they have made an attempt. Certainly there needs to be an additional attempt at that effect. There are clear signs that there will be substantial effects,

from all the evidence that we have at hand. I might also say there are effects on state governments, local governments and community and private services.

There is some confusion, as I read it—I could be wrong—about the administration savings in the document. In one area the document refers to administration savings and in another it refers to additional administration. I do not think that is necessarily compatible, but I may well have it wrong.

The savings for the 20-hours are \$77.2 million, although more precisely it is \$80 million because there is some playgroup funding in that exercise.

I need to draw the senators' attention to the stated department policy, and that is that child-care funding is to assist families with dependent children to participate in the labour force and, I might go on to emphasise, in the general community by helping with the cost of quality care. All of the words in there are important and all are relevant. That is really perhaps the crux of the whole 20-hour exercise and just how that will impact.

I congratulate the government on the new planning statement. The new planning scheme is long overdue. I think the industry has been requesting that sort of step forward since probably 1991 or 1992—I cannot remember precisely, but it is certainly long overdue. However, again, the details of the planning scheme are unclear. There has been some consultation and there are certainly numbers—for example, 450 places per 1,000 target children, and I will not try to define 1,000 target children—but it certainly has been an area in which, unfortunately, in Queensland we seem to have led the way with respect to proliferation. We seem to have touched the limits, if you like, much quicker than the other states. I will not go into the reasons why that occurred. It is just a quirk of history. I also see that the document talks about the planning system to be implemented from 1 October. I guess that was an explanatory memorandum and it should be taken simply in that context.

In the 20-hour exercise, the principal problem that we have is that we can clearly see from plenty of evidence that we have, and I am happy to discuss that further, that there are going to be substantial problems in Queensland in particular, but also from New South Wales and Victoria that I am aware of, with respect to the 20-hour exercise. I think the difficulty that the government has is that the options which were considered with respect to the financial side and with respect to the 20 hours were possibly not wide enough.

The options, as I understand, that were considered were no limit, a limit of eight hours and a limit of 20 hours. But, for example, some others that were not considered were a tightening of the existing parity of access guidelines—36 hours, three days, transitional periods, bringing it in over a number of years. I might say that the last one, and probably one that should not be ruled out, is that the 20 hours is not required at all. There may be a need for exceptional circumstances similar to drought conditions to be considered, because the effects are most definitely local, and I am quite certain that the department could do some detailed research to identify where those are.

Going back to the department's stated policy for child-care funding, I would have thought that 80 per cent in approximate terms work related care and 20 per cent for the general community was, in anything that I have ever been associated with, a reasonable targeting of a scheme when it is as broad as it is. The most important bit is that the 20 per cent which is for the general community, as it is called, certainly reduces the unit cost for both work and non-work related care.

The impact on service providers is the one where I have great reservations, however. The memorandum actually states that there have been some small business failures. Some months

back some officers of the department advised me that they had no documentary research—they may well have now, and I would not deny that for a moment—as to why businesses failed, changed operator, went into receivership or closed. I think that the minister is certainly entitled to that information for good policy setting.

Worse, in my view, the memorandum predicts more business failures, and certainly this is not the climate for business failures, for whatever generally noble reason. I believe the quotas under the 20-hour proposals will mean that some services which currently have high vacancy rate and provide a high proportion of non-work related care may experience viability problems. My concern is for employment. I believe that simply to put that in an impact statement is unacceptable.

CHAIR—Mr Buck, could I remind you that we have this and we have read it—

Mr Buck—Yes. I am simply trying to highlight a couple of key points. I will try to be succinct. Certainly that is an exercise.

With the 20-hour consultation, there certainly has been consultation. Even back into EPAC there was consultation. EPAC came out with six or eight hours—I cannot remember, but I think it was six hours at one stage, but it is eight hours listed at the present time. There was a general agreement right across the industry that the EPAC consultation was short on substance in terms of that area, which was rather disappointing. Indeed, I think the question came up at one meeting that I was at as to how many child-care centres the EPAC people had been to and I think the answer was one or two in Queensland. I am concerned about 36,000 children being affected by the 20-hour thing. That is a very substantial number of children and those children will be more or less traumatically affected.

I need to draw the attention of senators to clause 75 where families have a potential of imprisonment for things which are most likely reporting oversights. I believe I can confirm that parents are not going to go to gaol for 14 days, senators, and I believe you will be pleased about that. I believe there is much wider scope than that in terms of that. The gaol terms certainly are of concern to me and I believe that they are inappropriate and that there are much better solutions.

Unfortunately, on the gaol terms in general—if I can digress on that for a moment—I believe that in this Child Care Payments Bill we have, unfortunately, inherited many social security bill conditions in which it may well be necessary to have those big sticks for people who are rorting the system, quite simply. I can, however, tell you that it would be unwise to put into gaol all of the people in the child-care centres that have failed to make returns: I do not think we would have enough gaols. I am not in any way critical of the parents; they have many problems.

With respect to the clauses, I will not run through all of them, but a couple of them. On the ‘inhabitant of Australia’, there is some concern—and perhaps the senators can enlighten us—about whether there is a two-year waiting period for migrants. Students appear to have access directly. On the meaning of a couple: there appears to be a possible anomaly, either with anti-discrimination acts or sex discrimination acts, but I will leave that to the legal people.

The big problem with the definition of ‘session of care’ is that it makes it very difficult for services to actually determine fee structures. I correct my statement, by the way, senators: that should be 1/1/98—my apologies. From the beginning of next year, it is difficult for services and, at this very point, the government has made available financial resources to both community based child-care centres and out of school hour services to do their budgeting for 1998. Quite simply, they need that information to provide the budgetary advice.

There is a bit of an anomaly in clause 37: it appears to require families to make a claim every four weeks. This may be an incorrect interpretation, but the agency certainly is advising that they will be collecting information from parents in this last quarter of the year, and on the basis of that they will do calculations for child-care assistance and cash rebate prior to Christmas or prior to, more precisely, 1 January. If that clause does have impact, there may be some legislative requirements to check that out to see that there is not a problem.

I believe also that clause C47 may be applicable in that area. It is not in the document, by the way. C47 may have implications with respect to whether the documentation can be gathered from families. It may well be a disallowable instruments that permit that sort of exercise, but it certainly needs checking.

With respect to the group payment notice, I must say that the agency in consultations to date have been very receptive and they have been appreciative of the comments from the industry; however, the disappointment is that at each one of these consultations the industry, perhaps inadvertently, is telling the agency too slowly what child care is about while the agency is going through an extremely steep learning curve and we just do not think of all the things simultaneously.

However, the agency is getting new information on every occasion and the concern is: can it be possible that the agency can have all of the pieces of the jigsaw to put the system together before 1 January? I certainly do not believe it is mechanically possible, and I must congratulate the agency for the progress that they have made so far in a very difficult area.

With respect to the information that the services can provide, there may be a problem with respect to what the agency can provide to services, information which is required by the services to administer their businesses—be they community or private—and the agency may be stepping outside the bill, which may introduce some legal questions. But they may be covered by disallowable instruments.

CHAIR—Mr Buck, we are running into a time problem.

Mr Buck—I shall pick the very highest points. In another area of consultation, there was mention of a child-care assistance formula by the department. That may contravene the bill, schedule 1, module (c), and that needs to be checked out.

On information management, there are new burdens for services there. The gaol terms with respect to information management or mismanagement and confidentiality, which are drawn through 221 through to 236, are of great concern to the industry. We are a friendly industry, we are a caring industry and we are not familiar with gaol terms. Perhaps they could be changed to something else.

There appears to be an anomaly between child-care cash rebate and child-care assistance with respect to the availability of federal funding. Also there may be implications for the obligations of our contracts, both private and community, that have not been foreseen or spelt out to services. There are a substantial number of changes to other acts which we have not even attempted to understand in the very short time available.

Mrs Bridge—I am a hands-on operator in the centre. We talk a lot about the bill and so on, but I would like to bring forward just a few of the things that I feel we are doing very well in the industry for the children of Australia. Child-care centres are an extension of the family. We facilitate the continuing growth and stability of each community. Australian families do enjoy a better standard of living by work force participation. There is assurance for parents that their child is in a quality early childhood program.

Regulations are strictly monitored. Children are empowered to carry out their own learning. Children are encouraged to make independent decisions. Children with special needs are integrated into long day-care centres. Children are cared for by dedicated, qualified staff. I just want you to know that out there we are really turning things around in the child-care industry for the children.

CHAIR—I do not think there is any question about that. This bill does not go to that. May I also say, with respect, this bill does not go to the effect of budget cuts either that you highlighted as the reason for your submission.

Ms Turner—Could I just put on record the recommendations which I did not put on record?

CHAIR—This whole document is on the record.

Ms Turner—Just in supplementing the submission, I would reiterate that in Queensland we are already seeing losses of jobs and we certainly will see a lot more.

Senator WOODLEY—I was going to go straight to your recommendations. I must say that you have probably answered a lot of the questions as we have gone along. In one recommendation you say:

. . . many other aspects of the bill need to be referred to a Senate references committee for thorough consideration of the many impacts of the bill.

I do not think it is feasible to refer the bill to a references committee, but are you suggesting that we ought to have a further reference to a references committee on this issue?

Ms Turner—I think that, clearly, yesterday the evidence that was put by other parties expressed the view that there is a lot of misunderstanding, if you like, of what is contained in those bills. We have heard that information will be forthcoming about disallowable instruments and the like, but there is a lot of confusion in the industry and we would like to see that addressed. That is a reason for calling for it to go further.

Senator WOODLEY—Related to that is the 1 January 1998 implementation. We are hearing very clearly the date of 1 April. What kinds of consequences are we looking at if you commence on 1 January? I know people have given us a general overview, but can you be specific about what you see the issues are?

Ms Turner—From a long day care perspective, we still have the situation where centres wind down in the Christmas period and a lot of them do not gear up again, as the terminology is in the industry, until approximately the third and sometimes the fourth week in January. That is in the long day care sector. Quite definitely, outside school-hours care is in chaos in relation to the implementation of Centrelink and the change to the fee relief system, and they will be feeling it desperately.

The other thing too is that at this point in time in Queensland, we have just had a new award handed down and an implementation of the 38-hour week will come in on 1 January 1998 as well. So compounded with a loss of operational subsidy, services have got an enormous amount of changes to be dealing with at this point in time. We are not saying that Centrelink will not work, and we praise the government for making some of these reforms; however, we do say that there needs to be a little bit more time for these services to come to terms with the implementation.

Mrs Bridge—Can also say that the forms that the parents have to fill out are obviously quite substantial and we will have to walk the parents through that exercise, together with the agency. We are dealing with a lot of parents and a lot of them are confused when it comes to filling out forms.

Senator WOODLEY—This is the new form?

Mrs Bridge—This is the new form. I have heard that it is 32-pages long but is being geared down somewhat. It is a fairly big form because they have got to fill out a different one for before care, after care, for different services that they use and for different children in the families. So we will have to spend a lot of time with our families in getting these forms done correctly because it is just going to cause confusion in Centrelink if we do not help them get through it.

Senator WOODLEY—Just a question about definition to make sure that I am getting it right: your submission and many others talk about CA hours. What do you mean?

Mrs Bridge—Child-care assistance hours.

Mr Buck—Allocation of child-care assistance hours.

Senator WOODLEY—I suppose I should not be making a comment, but I will make a short comment: I think I would want to urge the government to look again at the prison sentences in the bill. I do not know if there is anything else you would like to say about that, but it is a new approach, isn't it?

Ms Turner—Can I just make a comment too in relation to all services: given the changing nature and the decreased utilisation because of affordability aspects, services cannot necessarily use a formula to assess their previous year's utilisation. They are going to have to survey parents as to what their needs are before they can even start to prepare a budget and consequently set fees. So it is a massive change process for those people.

Senator WOODLEY—Would your centres have 1998 budgets ready yet?

Ms Turner—They will be preparing 1998 budgets now, or attempting to, and I assume the private sector will also be attempting to prepare their budgets for next year.

Senator WOODLEY—Will all of your centres be eligible for child-care assistance hours?

Mr Buck—At this point, there is no way that we can confidently say that that will be the case, quite simply because the disallowable instruments have not been tabled. Between now and Christmas, we will be awaiting with interest, indeed—let us not make it on Christmas Eve, that would be a little unfair—we believe they ought to be made available to services as early as possible so they can work out what the conditions are or if there are any new conditions. I take on board Senator Knowles' comment that essentially there will be no new conditions, but in the absence of them, the services cannot be confident of that either way.

Senator Woodley, you raised a question a little earlier which is probably very important and most pertinent to Queensland. There are two documents here—and I did not bring copies for all the senators but I would be very happy to make them available to the committee. One is a letter from Mr Allan Fazldeen who is an administrator for Creche and Kindergarten in Queensland. Creche and Kindergarten, to my knowledge, are the largest provider of child-care services in Queensland. Both of the letters are addressed to Mr Mike Wills, the Director of the Office of Child Care in Queensland.

Mr Fazldeen states that there are many problems in the child care industry in Queensland and that it is a time of great hiatus. It is a March 1997 letter—fairly current—and I am happy to make a copy of that available to the committee. Another letter is from myself about the same time, dated April 1997, which is a similar letter listing 31 substantial hurdles which the Queensland child-care industry has at the present time. They certainly need to be considered. These are both by definition of those states. The 20 hour may not be on those. At this stage,

the concern is for the 50 hour and other things like that. The budget events of 13 May are simply added to the list if they are not on them. I make that proviso.

Senator WOODLEY—I was going to ask you about the 20 hours but I felt you probably canvassed it fairly well. I do not know whether there is anything that you have not said.

Ms Turner—It certainly will have a substantial impact on jobs in Queensland.

Mrs Bridge—Throughout the private sector, we are already experiencing closures and it will have an extraordinary effect throughout Queensland and particularly in the south-east corner.

Senator WOODLEY—That is the 20-hour cap?

Mrs Bridge—Yes.

Senator WOODLEY—Non-work related jobs?

Mrs Bridge—Yes.

Mr Buck—I would be most willing to make available to the senators quite a number of testaments from services right across both Queensland and Australia of the effect of the 20-hour cap. These are on top of any of the surveys that have been available from many—

Senator WOODLEY—The committee can accept any written submission in that sense and we are finding it hard to get that kind of information. There are lots of people saying things but we actually have to fix it down in terms of actual—

Mr Buck—The spectrum could include Mr Warren Truss's electorate of Wide Bay; Mr Mal Brough from Longman; Mrs Andrea West from Bowman; and there are others from New South Wales and Victoria.

CHAIR—The committee is quite open to receive them. You said that women are forced to leave the work force. At what level of income do you believe women are forced to leave the work force? I have got the ABS statistics that show that women are not leaving the work force, that it has remained pretty constant.

Mrs Bridge—Is that ABS statistics up to 1996?

CHAIR—It is 1996.

Mrs Bridge—From experience at the moment, we are finding that last year's budget cuts are just starting to bite into the families. A lot of the women who are in the lower income range are finding that \$15 a week more for child care is just making it unaffordable for them.

CHAIR—Why do you say lower income range?

Mrs Bridge—Those probably out working for \$400 or less or doing casual jobs.

CHAIR—Let me cite you an example of last year, and this is how this has got terribly distorted. What concerns me about these allegations is that there are some women, not a lot, who give up full-time work because they are being terrorised into saying, 'You have got to pay more child care, so you are going to be worse off'. Let me give you this example. I raised this last year in this very committee. A woman here in Canberra had decided to give up her \$31,000 job because she was paying \$20 a week extra for child care. That woman, a single mother with a sole parent income of somewhere around \$31,000, had child care costs to the order of \$165 a week. So the total child care cost would be in the order of \$8,500.

Based on that income that we were talking about, that family would be eligible, if the child was in full-time care, for around \$4,500 child-care assistance and would also be eligible for \$1,000 worth of child-care cash rebate. Taking into account the subsidies, which are roughly

\$5,500 against the total child-care cost in the order of \$8,500, that would leave the person out of pocket by about \$3,000. Then you take the family tax initiative that they would be eligible for, another \$700. That would mean that they would be out of pocket for \$2,300. With their Medicare levy and tax, they would be paying somewhere around \$8,000. So that leaves that particular person with a disposable income, after child-care costs, after Medicare costs and the new tax estimate, having a disposable income in the order of \$20,000, somewhere between \$20,000 and \$21,000.

That woman, because she was encouraged by the child-care centres and by various people with political agendas to give up her work, was, in fact, at the end of the day, \$8,000 to \$9,000 out of pocket because she decided to give up her job. Do you not think that, somewhere along the line, there is a responsibility by people not to start encouraging people to throw away their jobs? There are so many other options that they should be looking at. They should not just be saying, 'Go on, send Canberra a message, send the coalition a message, throw away your job'. If I were that woman, I would absolutely go for whoever told me to give up my job.

Mrs Bridge—I would think that any private operator that I would know would not encourage any person to give up their job.

CHAIR—But it is happening.

Mrs Bridge—Well, I know it is happening, but is a woman like that using this as an excuse to give up her job for another reason?

CHAIR—No.

Mrs Bridge—I have not done the sums for a woman earning \$20,000 a year. We do not know how well they manage their money and so on. But they are finding it difficult to find some extra money.

CHAIR—Can I just come back to the labour force participation figures. I just cannot understand why we get this evidence that just does not stack up against some of the ABS figures. Let us just take total participation; let us just have a look around this time last year. In October 1996, it was 59 per cent; in November 1996, it was 59.4. It has gone through 59, 55, 59, 59, 59, 59, 58.9. In July 1997 this very year, it was 59.5. There is simply no evidence to substantiate what you are saying about the participation rates falling out. The same thing applies to full time and part time.

Mr Buck—Senator, in addressing that, we are not statisticians. One of the problems which the government has, and all governments have, is that all of the statistics are so dated. I take your point that they were June 1997 figures—

CHAIR—July 1997.

Mr Buck—I am more than happy that they are the July 1997 figures. All that we are telling you is what we are seeing on the ground out in the child-care centres. I personally have sat in the child-care centres, in behind the desk, and parents have come in and said, 'Look, I think I'll give up my job.' Nothing to do—

CHAIR—I was told that on 4 June last year.

Mr Buck—It has nothing to do with what the child-care centre is saying. It may well be a lot to do with what the media headlines are printing. I think the minister and the industry has taken the brunt of editors wishing to sell newspapers and things like that. Certainly, there has been some aiding and abetting in various camps perhaps. We are not telling you why or what. All we are saying is that this is what we are seeing on the ground, and we are well ahead of the statistics that are telling us what you will see next year.

CHAIR—My niece runs a child-care centre. They are getting more and more women going into the work force with more and more children coming into the centre. What I am saying to you is that the statistical information, the information that I get in terms of anecdotal information, actually goes against the trends that you are saying.

I am genuinely trying to find out what research you have done to refute that so that you put it into your submission to refute the ABS, to refute the anecdotal evidence that I get. I notice in attachment 3 of your survey of some of the centres—I am moving onto another subject a bit here—you only had 50 respondents out of, I think you said, 900 centres.

Ms Turner—No.

Mr Buck—I believe that was in two days.

Ms Turner—I will speak to that. It was actually in the community sector. There would have actually been 160 centres, taking out those who were not going to lose the operational subsidy, so those 50 centres would be out of 160 centres.

Mr Buck—There was a very short time frame.

Ms Turner—There was a very short time frame. We are saying it is anecdotal evidence. We know what is happening down on the ground. What we are saying is that one of the reasons the coalition has come together is to try to pick up this information, pick up more information. We heard what you said. You put people on notice yesterday trying to get more information back to you. We will endeavour to do that, but we also ask what other research is the department or the government doing in relation to this?

CHAIR—It is interesting. This is the booklet I did not have yesterday when we were talking about consultations. For the purpose of the record, I am just indicating that there is a list of consultations that have taken place. There is Queensland. I was interested to see that only a few people have been talked to in Queensland. This one, I might add, has not been broken up into states—I have not actually gone through and broken it up into states. But, by any sort of small latitude of imagination, I would have thought that is a fairly comprehensive list of consultations. It is pretty stiff to come in here and say that no-one has been consulted.

Mr Buck—No, at no time have we said that nobody has been consulted.

CHAIR—Or that the consultation has been inadequate.

Mr Buck—No, I do not think we have even said that. I think the consultation has been quite wide-ranging. However, what I did address in my statement earlier is that many of the consultations—the agency in particular—have been on an exceedingly steep learning curve. Some of the consultations occurred well before they could even possibly have the answers to the questions. Indeed, I was at a number of the consultations where there were more questions left unanswered than answered. Certainly they are on the list as a consultation. They were a useful part of the consultation process. There is no criticism at all of the people who delivered the consultation; they simply were at a relatively advanced stage of the process. Perhaps they were too early—that is the only criticism which you could level. But their time frame was absolute. They were trying to get it all done by 1 January—and it was a very noble attempt, at that.

CHAIR—As I say, I am having difficulty coming to terms with some of the things that you are talking about in relation to the women who are leaving the work force. Every indication that we have, and that I have had all the way along the line, is that it is baby boomers who are leaving the work force. People of my vintage who are leaving the work force are older. It is not the young ones with children; they are going into the work force more so.

But now I want to come only onto the question of the viability of centres. I asked some of the witnesses yesterday afternoon where those centres are and why they are now so at risk. Mr Buck, why are you now saying that child-care centres are so at risk when, on the issue of personal investment, only this year you said what a rip-roaring investment child-care centres would be.

Mr Buck—Thank you, Senator. Both the centres are for sale. You are most welcome to come and look more closely.

CHAIR—That is interesting. Are you saying what a great investment they are?

Mr Buck—Marketing is an interesting aspect right across the industry. The most precise reason I agreed to that document—and, I must say, I agreed very reluctantly—was that the industry was being subjected to a lot of bad press, quite simply. Fees were going up. Children were leaving child-care centres. That was an attempt to re-invigour, if you like. Sorry, re-invigour is not the right word, because that was not on the agenda. That was to try to stabilise what was happening within the industry.

A lot of people were very concerned. Their financial institutions were knocking on their doors and saying, ‘I’m getting all this bad news. I want my money back.’ This is the banks, the investment houses. I had people who were affiliates of our association saying, ‘What can we do about this? My bank is knocking on the door.’ That was part of a process to try to put a floor into the process to try to stabilise the process. That was a very difficult exercise.

CHAIR—That is a very interesting article that you contributed to there, giving a very different story about child-care centres.

Mr Buck—I must draw your attention to something that you cannot see very well in the photocopy. There are actually two articles in it. There is the top article—which was written by the real estate people, to which I absolutely deny any contribution—and the bottom section, which is part of the shaded section, to which I contributed. The section to which I contributed does not put the child-care industry on the boil. Quite the contrary. It simply says that the child-care industry exists and is healthy. That is all.

Mrs Bridge—A lot of the problem is on the Gold Coast where we have had unregulated growth. We have had developers putting centres next door and within 500 metres of other centres. Operators who have been in the industry for a long time are suddenly finding that they have older centres and these brand-new centres are encouraging the children over. This is where a lot of the older operators, in particular, are feeling the financial pressures very strongly.

CHAIR—That is a problem and that has been a problem that has been allowed to develop, and that is part of the reason for the change in policy. You have got to have centres where they are required and you have got to have centres that are viable. But I come back here also to page 6 of your submission where you refer to our pre-election promise that there has to be fair and equitable access to affordable, flexible and high-quality care child, et cetera. I thought that is precisely what the government is trying to do. To suggest that somehow, as I said yesterday afternoon, unlimited access to non-work related care supports that pre-election promise is just wrong.

Ms Turner—In relation to the example you gave of a person with a \$31,000 income, in the first instance, that person is not necessarily a low-income person. A lot of the people we are talking about in terms of low income are those that are leaving.

CHAIR—But the principle still applies to a lot of those people.

Ms Turner—Yes. What I would say too, in terms of consultation—and we acknowledge and appreciate the planning system as it sits for now in curtailing growth, and that applies to the community sector too because they have viability problems coming off the back of the loss of operational subsidy—if the implementation of the 20 hours comes in, it will have a completely devastating effect across the whole of Australia. What that will mean is that the planning system is really, I suppose, taking place now when we are going to see a completely different picture.

CHAIR—Are you suggesting that policy should never change?

Ms Turner—No.

CHAIR—We have got to move on.

Ms Turner—Do you see what I am saying in terms of—

CHAIR—Life is not static.

Ms Turner—People are making decisions now about where the needs are. The 20-hour situation and the other changes in terms of viability, whether we agree with it or not, will make substantial access problems in the industry into next year, because people that are not viable, if they have too much 20 hours of care, will close centres. They may close in areas where the access is needed so that the planning process, if you know what I mean, in terms of placement of places is a little bit premature.

CHAIR—Forgive me for saying this, but I have a real problem in terms of a philosophical and practical problem of saying that people on various incomes should have greater access than those who need the service more. What this policy is trying to do is to target, and I just really have a problem.

Mr Buck—Senator, the policy is targeted, as I said in my submission. Eighty per cent is work related care. The myth that the industry labours under is that a lot of people go off and play tennis and come into child care.

CHAIR—No, I am not talking about that. I am talking about the unrelated—

Mr Buck—Yes, I understand. That 20 per cent of people use and abuse non-work related care is just a myth. It is not so. As the department's documents show, most children are in care for about 20 hours, and 20 hours happens to be about three days. I could run through all the statistics. There is plenty of evidence that the targeting is fairly effective.

CHAIR—That is exactly where I got that information from that you would have heard yesterday in terms of the research that has been done of the approval of the non-work related care limits.

Mr Buck—I appreciate that.

CHAIR—The research shows that 75 per cent of working families approve of the 20-hour limit, and 79 per cent of non-working families approving of it.

Mr Buck—Certainly, I am aware of those reports which the department has commissioned. However, we have no knowledge of what questions were asked or who the questions were asked of or any of that sort of background.

CHAIR—That is always a response.

Mr Buck—I am not being critical of that, but the facts are that what we are giving you is what average parents are saying. I have to say I took a bit of offence that it was said—and the other senator is not in the room—that we are all here just to make whopping profits and

so on and so forth. The principle of the industry is about caring for children. We are a caring industry.

CHAIR—No-one is denying that. I am certainly not denying that. What I am saying is that you are saying you have your research and so forth. I am asking for a copy of your research if it differs in any way, shape or form from the specialised research on which the government bases its policy direction. We have put in that type of research to substantiate the information. What I said yesterday is that over 600 families have been consulted. You cannot say that the government has gone off half-cocked and said, ‘This seems like a good idea, so let’s give it a crack.’

Mr Buck—I have two centres and that is of the order of some 250 families. Six hundred families are a drop in the ocean. I do not know where they did the survey. I do not know who they are. I do not know if they asked about children under seven, over seven, or whether they had children or whether they were baby boomers or whatever.

CHAIR—But it is not just 600 families.

Mr Buck—We do not have the resources and we do not have unlimited surveys and so on and so forth.

CHAIR—We are running out of time.

Mr Buck—We are giving you the best advice we can give you in the interest of good government policy. That is all. We are not asking for more or less.

CHAIR—By the same token, I would suggest to you that government policy is not made or drawn up on the back of an envelope sitting in a plane between here and Perth. It is well researched and well consulted.

Mr Buck—I agree that the current coalition government would not have a problem had the previous government had a planning policy back in 1991. That was drawn up by bureaucrats and this is drawn up by bureaucrats. We are not critical of either government, but the track record is not good. We are offering you best advice; that is all.

CHAIR—Thank you very much.

Mrs Bridge—A lot of these operators have gone in in good faith, thinking that there would be some stability in the industry. They are now finding that every year there is a change, and change is difficult to cope with at any time. The changes that are coming up now are very significant to people. In child-care centres they do not go broke quickly; they go broke slowly. They shut one room, two rooms or three rooms and end up with a small number of children, a small number of staff and a centre still trying and hoping that something will change for the better.

CHAIR—I have sat on this committee for 13 years and I have heard the grizzles about government changes. Believe me, I have seen it all. Thank you very much for your time.

Ms Turner—Can I conclude by saying that there will be a fallout and it needs to be recognised that that rationalisation will take place, both within the community sector and in the private sector. We do feel that it will have some access problems so it will need to be looked at.

CHAIR—Thank you.

[9.52 a.m.]

HADDOCK, Ms Celia, Secretary, National Association of Community Based Children’s Services, 1st Floor, 48 High Street, Northcote, Victoria 3070

WARRILOW, Ms Prue, Deputy Convenor, National Association of Community Based Children's Services, 1st Floor, 48 High Street, Northcote, Victoria 3070

CHAIR—I welcome representatives of the National Association of Community Based Children's Services. Witnesses are reminded that evidence given to the committee is protected by parliamentary privilege, but I also remind you that giving of false and misleading evidence to the committee may constitute a contempt of the Senate. The committee has your submission before it. Do you wish to make any alterations to that submission or is it hot off the press?

Ms Haddock—No, it is hot off the press.

CHAIR—Still warm? I invite you to explain to the committee your position at the conclusion of which we will ask you questions.

Ms Haddock—Thank you. We will be as brief as we can in our overview. The National Association of Community Based Children's Services, which we will refer to as NACBCS throughout our report, is the national peak body representing the community owned sector, the non-profit sector of child-care centres. Our major concerns in regard to the bill are around the impact of changes on the affordability of families using child-care centres currently. I will give a brief overview of issues around the child-care assistance and child-care rebate. Prue Warrilow will speak about the disallowable instruments.

With regard to child-care assistance, NACBCS believes the aim of the child-care assistance program must be to assist families with their child-care fees and ensure that they are affordable. We have recently undertaken some research, looking particularly at service fees and utilisation rates. We have included for your reference, 'Cost versus Quality', which is the result of our recent research. It shows that in four states and territories across Australia the average fee now for community-owned long day care is \$170 per week.

We surveyed almost every community owned centre. It was a voluntary survey to services and we had a 25 per cent response rate, which we understand is statistically significant. Melbourne University has informed us that anything over 20 per cent is a very good response rate. We have also found in our survey that the increases this year have been up to \$18 per place per week. I mention that in terms of what we are about to say in regard to child-care assistance.

We are concerned that good quality child care is becoming out of the reach of many families. We see the government as having a responsibility through this legislation process to address the affordability problems of families with children in formal child care. We urge the government to use this opportunity by improving the child-care assistance system. I will not go through each of the sections that we have mentioned in our submission, but there are a couple I would like to pull out.

With regard to section 18 on the meaning of session of care, we would like the government to have some consultation in regard to the definition of the session of care because this issue relates directly to the viability of services. We would also like to congratulate the government on the immunisation requirement under section 23 and its linking to child-care assistance.

Regarding Section 53 and the rate of child-care assistance, NACBCS is very concerned about the affordability issue. We would urge the government to increase the hourly limit to \$3 per hour for centre-based care. This increase would allow low income families with children to have access to affordable, good quality child care. By increasing the ceiling to a maximum of \$150 per child place per week we would be reducing the gap fee, which is now at \$50 or

more per week. The ceiling is currently on \$115 and the \$3 increase would allow that to go up to \$150. We would also like the ceiling to rise each year with CPI.

In our survey results, we were very surprised that utilisation rates had changed and many services did not have waiting lists any longer. We therefore believe that the income cut-off levels should increase by \$5,000 for each level: for one child, two children, and three or more children. We think it is important that services have a mix of families that have access to that service so that a broad range of skills can be sought.

In regard to the 20-hour limit on non-work related care, NACBCS supports a limit on non-work related care. Our position has not changed since the last time we reported to you on that. We support a minimum limit of two days. We prefer the limit to be related to days rather than hours. The only issue that may come up with the 20 hours would be if there were 12-hour days, but we would see a minimum of two days as being our starting point there.

On section 59 with regard to payment by instalments, we do not support—under any circumstances—direct payments of child-care assistance to parents. We do not believe the individualising of child-care assistance will be to the benefit of children or parents. We would like the term under section 59, ‘to the person’, replaced by ‘to the operator’. We would like child-care assistance payments to continue to be made to the operator two weeks in advance. We think payments in arrears will threaten the viability of services and force low income families to pay up-front full fees, which at \$170 a week and up to \$40 a day we do not believe people can do.

In regard to the child-care rebate, NACBCS believes the child-care rebate should be abolished and the moneys transferred to an improved child-care assistance system because our survey results clearly show that affordability is an issue. We think the child-care rebate scheme is an extra administrative burden on government and its removal would free up human resource time and finances to improve the child-care assistance system. At a time when government itself is concerned about expenditure levels of the program, the transfer of the rebate to the child-care assistance program would be advantageous.

In the event that the system is not abolished, we have the following views and I will pick a couple of them out. Under section 78, on the qualification for child-care rebate, NACBCS believes that the rebate should be only available to families accessing formal child-care services that are eligible for child-care assistance. We do not think that the child-care rebate should be available for informal care because we are concerned that government money is therefore being spent in a way that you have absolutely no guarantee of the quality—you only currently require a tax file number.

Regarding section 172 on duration of period, we believe the definition of single continuous period—and this is in regard to emergency care of four weeks—is too short. We do not believe that four weeks gives families in crisis a long enough period to organise their situation and their lives. We would like the single continuous period to be extended from four to eight weeks.

Under section 178, which is the allocation of hours, conditions cease to apply to centre-based long day care services after 31 December 1999. We are extremely concerned about that. We were pleased in the last budget to finally see a planning system that included the private long day care sector. We are disappointed that this section would mean the two-year planning controls on growth would be abolished. The removal of a planning system for private child-care centre growth after only two years is short-sighted. We think that the planning process

must continue beyond 1999 and the legislation should reflect this. We do not again want a situation of over supply and under supply across the country.

Regarding section 181 on cancellation, NACBCS really believes that the quality standards must be implemented for all service types on a compulsory basis. Again, we are concerned that public money is used for quality services. The government needs to be confident that its subsidies are used to assist parents to pay for good quality care. NACBCS supports the removal of access to public funds for poor quality services. Within that—this is the last point I wish to mention—we could not find throughout the legislation the link between child-care assistance or the cash rebate to accreditation of the long day care centres. We would like to see that link included in the legislation. Prue will just briefly speak about the disallowable instruments.

Ms Warrilow—I was really interested in yesterday's discussion because that certainly gave me a better understanding around the issues of disallowable instruments, and the fact that some of them have been placed in subordinate legislation is good. But I would argue that I see someone should actually be in the head legislation because they are really fundamental and integral to the success of operation of child-care services.

The other issue around that is that we have had no feedback in terms of the content of the disallowable instruments, the subordinate legislation or the guidelines. Given the proposed time frame of implementation of 1 January, and that the bill is only likely—if it gets passed—to be passed at the end of October, that gives an eight week period for implantation. We find that time line very extreme and would be particularly concerned that should be pushed out to at least 1 April next year so it gets implemented at the quarterly time and outside of the Christmas mad house period which operates across all of child-care services.

With the extensive use of the disallowable instruments, we feel that it does not provide a high level of accountability for public funds, particularly around some of the issues that I want to highlight, and that these things are fundamental and should be placed within this bill, not in subordinate legislation. For example, in clause 18.3 which is one of the clauses that is referred to in disallowable instrument, the meaning of a session needs to be defined. There is not a universal definition of what sessional care is. If you speak to someone in Western Australia, and the Northern Territory, and New South Wales, in long day care centres, they will give you three very different definitions of what a session of care is. If you speak to people from family day care, outside school-hours care, and a long day care centre—across service types, regardless of where they are located—they will give you very different definitions of a session of care. I think that that is absolutely fundamental to the success of this bill and should be placed within this bill.

If you look at clause 167(3), around emergency child care assistance, we still do not have any information about what the ministerial guidelines are. There should be something within this legislation that defines and strengthens this section so that it is not subordinate or a guideline and is actually placed within this bill.

Looking at clause 179(2), which is around imposing sanctions for breaches of conditions for child care assistance approval, if I were a potential child care operator about to open a centre, I would want to know exactly what those sanctions were so I knew that I established assistance that ensured I was not going to breach anything before I even started. So, again, they are fundamental to the success of this bill and they should be placed within this bill.

Clauses 185 to 188 are all about eligibility of long day care, family day care, occasional care and outside school hours services to be approved as those types of services. Again, they

are really fundamental and should be within this bill. They should not be subordinate, they should not be guidelines. They are about saying, 'What are these services and how does the bill apply to those service types?'

The last point I want to highlight with regard to disallowable instruments is clause 235(4), which is the exercise of the secretary's power in terms of disclosure of information. When you are talking about any issues around privacy and disclosure of information, they should actually be placed within the head legislation, not within subordinate legislation, so people are very clear what their obligations are with regard to providing information, not falsifying information. If I were talking to a Centrelink officer, I would want to know exactly what they may be able to pass on about me before I started talking to them.

I briefly want to go through our conclusion in our submission to you. I see this bill as a really good opportunity for the government to better assist families throughout Australia. It is going to help parents make better choices about the types of child care they have the opportunity to access. In the last federal budget, the government removed \$350 million to be done over the next four years. I would suggest that, if the government is really serious about assisting Australia's children access to good quality, affordable child care, that money should be reinvested back into the program and for the children of Australia.

We actually have a number of issues that we would like to raise with you that we see this bill has an opportunity to address. Celia mentioned the increase of the child care assistance ceiling to reflect a more accurate gap fee. So the government should move the ceiling from \$115 to \$150 per place per week to more accurately reflect the current cost of child care across all service types; reinstate the \$350 million taken from the program and put it back into directly assisting affordability; demonstrate their commitment to community owned children's services by providing financial assistance to voluntary committees of management; abolish the child care cash rebate and place the expenditure from that program into child care assistance; not make any moves to restrict child care assistance eligibility to hours used; legislate for the continued direct payment in advance of child care assistance to service operators; and abandon any plans to introduce child care assistance payments through an individual assistance card.

Senator WOODLEY—I am sorry I missed some of your presentation. I am trying to cover two committees today. It would be useful if they were on the same floor, but they are not. I have just a few things that I picked out. I notice you pick up in 'Section 11: Meaning of Member of a Couple':

The definition appears to omit same sex couples. This definition needs to be inclusive of all families—Are you fairly certain it does omit same sex couples, or is that an inference that you have made from it?

Ms Haddock—From our understanding of how it reads, it does appear that the definition of a couple does not include them.

Ms Warrilow—It is not specifically stated within the bill that we can find. We may have missed that opportunity to find it, but it is not specifically stated.

Senator WOODLEY—We will try and get clarification. In the next section, you say:
A session of care needs to be defined in the Bill.

Would you like to expand on what you mean by a 'session of care'? I should be on top of all these terms, but I have to confess to you that we are not always.

Ms Haddock—In fact, a session of care in each state and territory and across service types is currently defined differently. We were concerned that the legislation mentions that it would be left to the minister to define from time to time a session of care. We felt that the legislation needed to define it.

We are concerned that the definition of a session may move toward a certain number of hours. We think it is important that the session is defined as a day or as half a day. We are concerned about a move towards considering hours for child care because, once you start looking at hours and you start charging people for only the hours they use, you begin to threaten the viability and the sustainability of the whole service. We think the government should consult widely about the session of care definition.

Senator WOODLEY—It is a pretty important issue.

Ms Warrilow—I will give you an example of the complexity of this issue. In the Northern Territory the definition of a session of care in one instance is half a day in a long day care setting. The reason why they half a day is that they then often transport children to a pre-school program that runs outside of the long day care centre.

In New South Wales the definition of the care is predominantly a full day in care because there is no distinction between pre-school and long day care. A pre-school program is offered within the long day care environment. So in the same service type across a state and a territory you have two very different definitions of what an appropriate session of care is, and so it is a very perplexing issue.

Senator WOODLEY—That is helpful. In relation to the limit of the 50 hours a week for work related care, you say:

This significant minority of parents will either accrue higher fees for additional care or the increase could be borne by all families if the increase is spread across centre fees.

Have you any idea of numbers in that respect?

Ms Haddock—The number of families who use full-time care is in a minority. I am sure the department will have those figures. It is more really the fact that, if there are a number of families using full-time care within one service, then either those families themselves have to pay the additional fee or it could increase everybody's fees. We do think that the limit on non-work related care in some ways really deletes the need for the 50-hour limit that is there currently.

Senator WOODLEY—The direct payment of child care to parents is something that you are very strong on. You might be able to help me here. I understood that, in some surveys that were done, 80 per cent and higher of parents did not want to receive the child-care assistance personally. I do not know if any of your surveys have taken up that issue. If you can confirm or perhaps inform me whether the survey results have shown some preference on the part of parents.

Ms Haddock—Our survey results have not shown that—we did not ask that question. Our major concern there is that you are then shifting the accountability and the record keeping from the service to the individual parent who is going to have to be responsible to collect their receipts, et cetera. At the moment that is being done for them by the service.

Senator WOODLEY—Some parents, at least, have said to me it is not a matter of choice; it is simply giving them another headache. The 80 per cent figure that I have heard has floated down out of the air. It would be useful to fix that down somewhere.

Ms Warrilow—Certainly, anecdotally, that is the information that we get back from the parents and centres.

Senator WOODLEY—Yes, it is only anecdotal responses I have had. I presume that the government responded to the feedback it was getting along the same lines and so has moved to delay the introduction of that method of payment. Eventually, we will have the child-care assistance card. Don't you think that will probably mitigate a lot of the problems that clearly were presenting themselves in terms of just simply making a payment to parents? Do you still feel that the government response to that by putting in this particular system will not be adequate?

Ms Haddock—We do not have a problem with the Centrelink system as such. We want it to work properly. Obviously, we do have an issue, as Prue mentioned, about the time lines. To develop this system now and then to move to a parent card 12 or eight months later would be very confusing for the whole system. Our services have not complained to us about any administrative burden relating to child-care assistance accountability and it appears that that is working well. We do not see a need to change it.

Senator WOODLEY—I guess this next question is along the same line and it relates to the whole issue of accreditation. I have to be careful how I phrase the question because I guess there is an ideological debate that has been going on around this place for a couple of years about that. Can you give us some idea of how accreditation has worked in your centres? Has it been a problem? What sort of experience have you had of the current system of accreditation?

Ms Warrilow—It has been a very positive experience generally—not only across the community sector but also across the private sector. It has provided an opportunity for staff and parents to get involved in the actual processes of what child care is about in a long day care setting. It has actually generally increased people's understanding. It has been an educative opportunity for staff and parents in terms of what are good quality outcomes for children.

Senator WOODLEY—My last question relates to what I have asked most of the witnesses and, as I have indicated, this seems to be quite out of kilter with everything. It may be that the department is going to give us some good news on this. It is the whole issue of imprisonment. I kind of underline what you said there. I do not know if there is anything else you want to say about that, but it did seem bizarre to me to introduce this element into child care.

Ms Haddock—We do strongly condemn any moves by government to imprison parents for failure to notify regarding information. As we have said in our submission, we think the department should be developing mechanisms to avoid this situation and setting up structures so that there are ways that people can easily give information. We certainly do not think that it should be considered a criminal offence punishable by imprisonment. That is totally unacceptable.

Senator WOODLEY—I am hoping the department might clarify that. If they cannot, then that would be one that I would urge the government to reconsider.

CHAIR—I have a couple of questions. I was looking at the conclusions on page 7 of your submission. I was wondering if you could give me an indication of what your conclusions would cost?

Ms Haddock—We do not have the detailed figures that the department would have as to how many people receive what levels of child-care assistance. We know that the current child-

care assistance system is costing around \$700 million. I am sorry that I do not know the figures on the child-care rebate, but perhaps the department could provide that. We would hope that the abolishment of the rebate into the child-care assistance would cover the additional cost of increasing the assistance.

Ms Warrilow—We anticipate that it would be fairly cost neutral in terms of transference of funds.

CHAIR—You are asking in point 1 to lift the ceiling to \$150. Do you know how much that would cost to the budget?

Ms Haddock—We do not know what the difference would be in terms of claimants.

CHAIR—In point 2 you say it will put back \$350 million.

Ms Haddock—Yes.

CHAIR—Do you know how much points 3, 4, 5 and 6 would cost?

Ms Warrilow—We anticipate point 4 would be cost neutral because that is just a transfer of funds and putting them into a different allocation.

Ms Haddock—However, there would be some administration for that because the cash rebate would not be a system that needed to be administered.

CHAIR—Looking at items 1 and 2 alone—probably well over \$1 billion—where would you suggest that comes from? Who should go without?

Ms Haddock—I would not expect it to be over \$1 billion. We were actually hoping the \$350 million plus the child care rebate savings could perhaps cover it.

CHAIR—You are looking at about \$1 billion in points 1 and 2 alone.

Ms Haddock—I think our children's future is very important.

CHAIR—Where is NACBCS saying that that money should come from?

Ms Haddock—The government would need to prioritise it. Where it came from would be your decision.

CHAIR—But governments do not have any money. Governments have only what the taxpayers give them. Governments just do not have any money.

Ms Warrilow—It is hard for us to determine where it should come from because we do not know all the budget allocations to every department. I am sure if we had that information we could make some useful suggestions for you about where you could perhaps make cuts in other areas. Children are going to be adults in this country; they should be a priority of any government.

CHAIR—Thanks for your time.

[10.22 a.m.]

CARMODY, Ms Margaret, Assistant Secretary, Policy Analysis and Planning, Department of Health and Family Services, PO Box 9848, Canberra, Australian Capital Territory 2601

SWIFT, Ms Paula, Acting Director, Child Care Fee Subsidies, Department of Health and Family Services, PO Box 9848, Canberra, Australian Capital Territory 2601

WIGHT, Mr Barry, First Assistant Secretary, Family and Children's Services Program, Department of Health and Family Services, PO Box 9848, Canberra, Australian Capital Territory 2601

BAYADA, Mr Denis, National Manager, Families and Children, Centrelink, National Support Office, Australian Capital Territory, 2904

CHAIR—I welcome back officers of the Department of Health and Family Services. Witnesses are reminded that evidence given to the committee is protected by parliamentary privilege. I also remind you that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. You will not be required to answer questions on the advice you may have given in the formulation of policy or to express a personal opinion on matters of policy. The committee has before it your submission. Do you wish to make any alterations to that submission?

Mr Wight—There are no alterations to the submission, Senator.

CHAIR—I invite you to make an opening statement, at the conclusion of which I will invite senators to ask you questions.

Mr Wight—There are a couple of things I will start with. I remind the committee that, going into the last two budgets, the child care assistance outlays had grown rapidly in recent years and were forecast to continue to grow at around nine per cent per annum over the next four years. To reflect the environment of the program, I would like to table a graph that shows how that has been growing. I also stress that, following implementation of the 1996 and 1997 budget initiatives, the program is still forecast to grow at a rate of three per cent real per annum over the next four years—so there is still growth in the program.

I also highlight a couple of references on page 2 of our submission, which indicate the two major issues that required urgent attention in the 1997 budget. The first refers to unplanned and uncontrolled growth in the private sector resulting in the oversupply of services in some areas while families in other areas had little or no access, thus resulting in significant inequities for families.

The second paragraph on the same page indicates that the oversupply in some areas had encouraged the private sector to much more actively enter into the provision of non-work related care, and that total outlays for non-work related care were growing in line with the rapid growth of the rest of the private sector.

A lot has been said in recent times about the lack of consultation on many of these changes. Attachment B of our tabled submission sets out the extensive consultations and reports on child care that have taken place. In the light of those consultations, the minister and the government examined options and proposals in the budget which provided that all the initiatives were targeted at greater equity and fairness in access to child care for both working families and non-working families with one parent not in the paid work force; at improved targeting of assistance to families most in need; and a series of safety nets for areas and families that needed additional support. I think this is important and needs to be taken into account when looking at the bill.

In concluding these introductory remarks, there are two or three facts which relate closely to the measures in the bill and that are very relevant to the committee's deliberations. Firstly, the vast majority of savings in the 1997 budget actually flow from slowing the rate of growth of new places, and not from the reduction of benefits to families. In fact, \$267 million of the \$327 million that will be saved over the next four years—that is, 82 per cent of all savings—will come from reductions in new places.

Secondly, with respect to the non-work related care limit, in the consultations that I referred to earlier, over 70 per cent of those surveyed indicated that non-working families believed that

there should be a non-work related care limit. In response to the department's discussion paper and the national planning framework, the Australian Early Childhood Association—which is the national peak body responsible for early childhood in this country—indicated in its submission that it believed that a two-day limit was appropriate for non-work related care, and that two eight-hour days was reasonable for child development purposes. I would add that state government education departments consider that around 12 hours per week is appropriate for the development of children in the preschool system.

Finally, I want to highlight that in this bill there is clearly a shift in responsibility from services to parents for child-care payments and that has been raised in some of the discussion that I have heard here this morning. I think it is most important for us all to recognise that these payments or benefits are paid to families. It is therefore appropriate that it is those families who are benefiting from those government subsidies or benefits, and not the services, who have responsibility for accounting for those benefits.

That is all I would like to say by way of introductory comments. While you were deliberating, I chased up some extra information about imprisonment and some concerns raised by Senator Woodley. If it is appropriate, I am happy to mention them now or, if you wish, leave it to a later stage.

CHAIR—Please go ahead.

Mr Wight—I have checked with the Attorney-General's Department and they have advised that a person found guilty of the crime of fraud or misrepresentation against any government payment under the Crimes Act—I emphasise: any government payment—can be fined or imprisoned. This is the current position if a family misrepresents its circumstances in order to obtain any government benefit. This bill brings child-care subsidies into line with all other government benefits. But, in addition, there are some clauses in the agreement around section 243 that indicate that, in addition, if they are found guilty of a crime where they can be fined or imprisoned, there is also a clause in the bill where the court can order that the child-care payments be recovered. The bill sets out that if they fail to repay that money they cannot be imprisoned.

Separately, I should highlight that there is a clause in the bill—part 3 of chapter 4 of the bill—which relates to overpayments as distinct from fraud. It sets out the procedures that have to be followed where there is an overpayment to a family, as distinct from fraud or misrepresentation. That is clearly set out in the bill.

Senator WOODLEY—Does the department have any data on reasons for centre closure or ownership of centres being transferred? Have you collected data on that?

Mr Wight—We do not specifically. There is some information around in an ad hoc way, but not in any structured way. We are certainly aware that some centre closures have occurred in recent times—mainly through information from the community based sector—because, in the past, prior to the present year, those services were able to apply the government for assistance for what we have from time to time referred to as 'management restructuring' grants or 'bail out' grants. Some of those services have got that sort of assistance in previous years, so we know some services were in difficulty. Of the order of 20 per year got that sort of assistance in the past.

This year, because of the government's decision to put private and community based services on a more competitive and equal footing, those management restructuring grants are no longer available for centres. As a result of that, we no longer get information that is specifically collected or have access to information as to why services are closing. But I guess there would

be a range of reasons that services are closing. You and I could probably project a range of those, all of which may well be right, not the least being changes in the demographics of an area: the children are no longer in an area, and this may be why services might close or move on from time to time.

Senator WOODLEY—That is the debate. Unfortunately, it has been in the area of opinion, and that is why I was asking whether you had data. This, again, is an issue of data where the debate needs to be fixed down. That is one of our problems. I hear what you say about your projections: that most of the savings projected will be in new centres or the slowing down of the building of new centres. I will ask the question positively rather than put it in a negative way: have you any data on the savings that will be made in child-care assistance payments from closures and lower attendances in current centres?

Ms Carmody—Not readily available at this stage. We have got a data collection process under way at the moment which will identify utilisation levels within services, but we have not done costings on it at this stage.

Senator WOODLEY—You can see that that kind of data will help to focus our debate. Do you know if the disallowable instruments have been finalised yet? These are all issues of debate.

Mr Wight—The various disallowable instruments have a mixed status. There are some that have been drafted. There are some that are still with the Office of Legislative Drafting for preparation of the disallowable instrument. At my last count, which was only 24 hours ago, there are seven in draft form which have come back to us so that we can have a look at their drafting. There are numerous others, of the remaining 20, I think it is, that are in the process of drafting by them.

We have given them drafting instructions and they have not responded to those. They will all be released as the minister has made a commitment for exposure drafts for senators and the community to look at and comment on before the minister actually signs off to a final version. So there will be opportunities for people and the parliament to comment on those exposure drafts.

Senator WOODLEY—That is good. I have to say to you that, as far as I am concerned, this minister has been very good in doing that. She tries very hard, but representing the point of view of centres is a big concern for them when they are sailing in the dark. Let me ask the question—why do I always try to pose the answer? Have you any dates when those will be available?

Mr Wight—Not specifically. They depend on the minister clearing the versions as they come back with us being happy that the office has incorporated the drafting instructions and when we are happy to put them to the minister. Of course, they all have to be put in place before 1 January. I could not give you an exact date. I could not make commitments on behalf of the minister to agree that she is happy with them to go out for comment.

Senator WOODLEY—You would be aware of the concern, particularly from my own state, in terms of the 20-hour cap on non-work related child care. Has the department done any analysis of the extent of any unmet demand in that area because that, itself, may fill in some of the—

Mr Wight—Senator, I want to add a couple of general comments. I do not have Queensland information; I only have national data at the tip of my tongue. It might assist Margaret to be able to dig something else out of—

Senator WOODLEY—I always have to stick up for my state.

Mr Wight—Yes. The key thing that is important in this debate is that something like 50 per cent of all families that have children are participating in the work force and 50 per cent are not. Of the 50 per cent of children of families that are participating in the work force, only 25 per cent of them are actually in formal child care. If I can turn that around the other way I can then say that 75 per cent of all families with children are currently not using the formal child-care system.

There is an enormous market nationally out there of children that are not using formal child care at the moment. In the main, it is because their parents do not want to use it. That 50 per cent of parents at home that are not using the market of formal child care are making that decision now as, in many areas, a decision of choice. In other areas, it is not a decision of choice because there are not enough places available for them to use. But there is a very large market of families who have young children who could access child care if that was their desire or preference. I do not know whether we have local information. They are national figures. I think Margaret might even want to correct those percentages that I have used, but that is a broad picture.

Ms Carmody—I suppose what I would like to add is that our forecasts—for example, when our minister was saying that the 7,000 places per annum would be sufficient to meet the growth in labour force participation of women—assume that future growth would have around 20 per cent of non-work related care in it. That is because of the imprecise nature of the planning system. The growth in the program—three per cent real growth in the program—includes in it an expectation that that would remain about 20 per cent into future years, so all the future growth.

There is data available from the ABS child-care arrangements which we could provide to the committee which will give you an indication of how many families are seeking care outside the work force. The numbers are very small. At the moment, the estimate of demand met is around 89 per cent, and that was at the end of June. The remaining 10 per cent or 11 per cent is really the hard end of the market—the families that are wanting care at unusual times of the day or wanting highly variable and flexible care. The remaining 10 per cent or 11 per cent is of a very different nature but we are very close to meeting demand now. But that assumes that there is take-up in that of non-work related care, but we can provide that information to the committee.

Senator WOODLEY—Any information that you can provide would be useful, because we need to fix this debate down.

Mr Wight—Can I just add a couple of extra things that I think are relevant to what is happening in that movement of non work related care, and those figures certainly relate to that. There has also been a shift in recent years towards addressing the work related care group, particularly for children in that year before school—that preschool year. There is some indication in our data that, in Queensland, many of the private services which have been expanding have been starting to move into a market to attract children out of state preschools.

Senator WOODLEY—That is a big concern.

Mr Wight—It is a concern. They are, no doubt, providing a better service, and that is why families are prepared to move. I would make the comment that it also reflects on the more generous Commonwealth funded system, which put no time limit on it, so that those children were able to get a bigger financial benefit from the Commonwealth government's child-care

system than from the state preschool system. The state preschool system was limited to 12 hours, as I have already mentioned in my introductory comments.

So in Queensland it has happened as an initiative of a sector that, quite rightly within the previous rules, was pursuing a particular market which was eligible for it under the previous arrangements. In Victoria, that same move has been aggravated by a state government actually providing financial incentives to child-care centres to take preschool aged children, providing they employed qualified preschool teachers for that particular room. There is no doubt that that has encouraged the move of children into the child-care centre environment and has reduced pressures on state governments—if there were any pressures—to increase the number and scope of preschools.

It is a particular issue in New South Wales because it is the only state in Australia that does not have a universal commitment to preschool. In New South Wales there is only some 55 per cent of all children in a state funded preschool, whereas in every other state it is of the order of 90 per cent. New South Wales has always relied heavily on the Commonwealth's child-care system, and the expansion of it, to provide a significant proportion of the preschool service in that state. So if something is not done there are some incentives for that shift to continue on and accelerate.

Senator WOODLEY—That was one of my questions, because it is a live issue in Queensland. Another issue particularly applicable to Queensland—you have mentioned this and so has everybody else—is that, for instance, on the Gold Coast and also in the area where I live in Caboolture on the Sunshine Coast there has been an oversupply of centres, but in other areas there is an undersupply. Clearly, the market has not worked to correct that. Do you know whether the department or the government is doing any planning—the oversupply will be corrected by the market, some of it will crash—in terms of undersupply in remote areas and those kinds of areas which would make it possible for us to start to attack that undersupply situation?

Mr Wight—Yes, there is. There are two particular pieces of action that are currently taking place, and Margaret Carmody can give you a bit more detail if you want to know how that is working. The first one is the national planning system, and I will leave it to Margaret to go through how that will work and how that will focus new growth places into areas of high need, of undersupply.

The second area, which I will just mention briefly, is that there is a commitment by the present government to complete the remaining community-based places that have been negotiated with states under what we have called national child-care strategy agreements to put community-based places in each state and capital city. We have already commenced negotiations with state governments to come to an arrangement on the remaining places that are available under those national child-care strategies. Those negotiations have started to put the remaining places only in areas of market failure. So, where there is market failure and services will not go, these community-based places, which include the funding of the capital to build the facility, will be put only in areas of undersupply. Margaret Carmody might like to give you a bit more information on how this new planning system will work.

Ms Carmody—Planning advisory committee meetings have already been held in all states of Australia. Those committees are considering the latest available information on supply and demand and are identifying areas of greatest need. They are injecting into the process their local knowledge of differences between areas which are not easily quantifiable and also their

local knowledge of labour force trends, such as whether or not a major employer is about to open up—they can feed that into the process too.

Those areas of identified need will be fed into a national assessment process. Because supply has happened unevenly around Australia since 1991, it is very important that we have a national assessment process to try to redress some of those imbalances. We are trying to establish a consistent assessment of areas of greatest need at a national level.

Those areas of identified need will then go to the minister for her to approve, and they will then be put into the public domain. These areas of identified need are being used in two ways. They will be used to provide better information to the industry and to encourage new investment into areas. That is an ongoing function beyond the two-year period of the supply limit. They will also be used as an integral component of the administration of the supply limit. That information will go on to the Internet site that we have launched in the last couple of months and will also be publicly advertised. In relation to the supply limit, services will not be approved unless they locate in areas of greatest need. That will stay in place for two years until December 1999 subject to the legislation.

For the membership of those planning advisory committees we have been quite specific with every state that there be coverage from the Commonwealth, states and local government and also representatives from the different sectors, the primary ones being the private sector, family day care and outside school hours care. The feedback we have had to these committees from both the industry and from state governments has been very positive. They believe that the process is working very well. They are very happy with the quality of information that has been made available to them. They feel that it is going to be a worthwhile exercise. I think it all holds well and by the end of next month we will know what the high need areas are and they will be available for people in the public domain.

Senator WOODLEY—That is very encouraging. I was wondering how we were going to solve that problem. Can I ask a few more questions and they are on behalf of Senator Neal who is not here today so they may repeat what I have already said. I think it is useful if I do this. Has the department finalised the disallowable instruments? I asked you the date but the process, I presume, is well under way.

Mr Wight—I will repeat the answer for Senator Neal. The instruments have not been finalised. Drafting instructions for all instruments have gone to the Office of Legislative Drafting and about seven out of the 27 have come back as drafts for us to look at. The other 20 are still being drafted by the Office of Legislative Drafting and they will all be released as exposure drafts as soon as they are cleared by the minister for release.

Senator WOODLEY—I think that probably answers the next two questions unless there is anything you want to add. The next two were: when will the disallowable instruments be drafted and when will the disallowable instruments be available?

Mr Wight—I think I have answer that.

Senator WOODLEY—The other one was: why do existing child care services have to apply for allocated hours?

Mr Wight—The reason why services actually have to apply for allocated hours is, in the first instance as has just been mentioned in the answer that Margaret Carmody gave about the planning system and the supply limits that apply in the next two years—1998 and 1999, 7,000 new places—the government has to be sure that no existing service that is out there that is

already approved, actually expands in those two years—expands its number of places—without telling us.

So each service will be approved for whatever number of places that they fill in on their application form, and I assume that that will be their current licence capacity. Under this planning system that Margaret Carmody has just mentioned, they will not be able to expand in the next two years unless they are in a high needs area and get allocated places out of those 7,000 new places. So it is a compliance measure for those two years in particular.

Just extending the answer, we are also required to allocate places which then get translated into a number of child-care assistance hours for all other services as a compliance monitoring measure on all services because family day care and outside school hours care places are also limited. They have always been limited.

We became aware, particularly recently in Queensland, of a number of family day care places that were actually operating above their approved allocation, and some steps have been taken to rectify that situation. It was about 12 months ago that we became aware of that. So this allocation of ours is a compliance measure, particularly for private services, to ensure that they do not expand without approval in the two years when there is a supply limit.

Senator WOODLEY—Chair, I am a bit concerned that I am taking a long time. I have more questions.

CHAIR—Go ahead.

Senator WOODLEY—Thank you for your explanation. I still have to say that I do hope the government will look again at that one. I am concerned that, while I certainly would not want to excuse fraud—and the Minister for Social Security and I have had a fair bit of discussion about this—it has been very difficult for the Department of Social Security to actually supply me with any figures about the incidence of fraud in terms of their operation.

One of the problems is the rhetoric in the public debate about the level of fraud, and often all of the overpayments which are made are interpreted as being fraud. The media does this all the time. I can give you as many concrete examples as you like. What it does, of course, is stigmatise people who are on social security payments. It is a terrible thing that is going on in terms of the community's perception of people who receive those payments.

If we add to that child-care payments, and if we start to stigmatise people who are on overpayments—not fraud—and we lump them all together, again it really brings into the public debate and into the whole attitude that people have to child care the same attitude that they now have to social security recipients. If you add to that prison terms, we are entering into a whole area where any kind of government assistance is seen almost to be as though it is being given to people who are going to commit fraud. Can you see the problem I have with this whole direction?

Mr Wight—Senator, I guess my only reaction would be to say I do understand your concern. I will ensure that that is passed on to the minister, and no doubt it may well in the end come through in your report.

Senator WOODLEY—It probably will.

Mr Wight—It sounds like that. I guess the only other comment I would add—and you will understand this—is that there are significant amounts of money available through the child-care system. We are talking about families receiving \$100 a week for 50-plus weeks a year. So we are talking about amounts in excess of \$5,000 and many families with two or three children in that system. We are talking about significant amounts of money, and it is a government

decision about how they handle overpayment versus fraud. But I will certainly pass on your concerns to the minister in that area.

Senator WOODLEY—If you would. I try not to make comments, but here is one: if we did not make the payments to parents but to the institutions, to the providers, then I suspect we might actually make it less easy to have fraud. That is a comment I make. Feel free to comment.

Mr Wight—I think with the concept that is in place, where payments are calculated on the basis of information provided by the family are paid to the service, there will not be fraud in terms of them being misused because they are not in the hands of the family. That system will be even further tightened 12 months down the track when the child-care card comes in because, while they are paid to services, even though they are calculated on the basis of family entitlement, there is that administrative issue that services have to handle the money and do calculations which have been mentioned in several of the other submissions to you.

The child-care card should further streamline that and meet many of the requirements that families made when, as you mentioned, 80 per cent of parents preferred it to go to services. Perhaps while mentioning that, can I indicate to you that that information is in attachment B of our submission—on page 13, if you are looking for it.

Senator WOODLEY—We will certainly look that up. Thank you for the reference. Are you confident that you will be able to get everything in place by 1 January 1998?

Mr Wight—Yes. It does depend on passage, of course, of the legislation very soon after your committee reports. Denis Bayada—who has joined us since we started, may wish to add a comment on that—but I can indicate to you that I have had formal advice, as the program manager responsible for this program, as their client, that, while they believe it will be tight, arrangements are in place to get applications out to families and to get the data back from families so that they are in a position to make their payments on 1 January.

Mr Bayada—Just to add a little to what Barry has said, it will be tight. We are working on the basis of having legislation by the end of October. We are looking at a whole range of measures that we can put into place to ensure that we process all of the return forms and have everybody paid in time for the first pay day. But it is going to be very tight.

Senator WOODLEY—I think the committee hears you. We have an obligation too. I just have a couple of other questions that I am asking on behalf of someone else. When the 7,000 cap was announced in the budget, we did not know that the existing services were to be included in this planning measure. In what way will this measure impact on existing services? You have actually partly given an answer to that.

Mr Wight—Existing services are not really part of the cap, but in order to use the 7,000 places that the government has allocated for new services over the next two calendar years, we have to be very clear about what exists out there on the ground. So getting, I suppose, the slate clean to start with involves us identifying the number of places and translating that into the number of hours of child-care assistance that they are entitled to so that we are only allocating additional growth to existing services out of that 7,000 places when they exist in high need areas that are identified by the planning process.

Senator WOODLEY—You are using a number of planning instruments. One is the 7,000 places, another is the 50-hours a week cap and another is the 20-hour non-work related child-care cap. Are you confident these will fit together, or is there any conflict between them?

Mr Wight—I guess I would describe the 50-hour cap and the 20-hour limit on non-work related care as really defining the priority parameters by which the government see the program going forward. They are saying, 'We're prepared to pay for work-related care up to 50 hours for any working family and, beyond that, if they can demonstrate they need that care. We want a planning system that understands the rules that, in future, we will only allow the system to grow based on non-working families having access to 20 hours per week.'

I know they have an impact on planning and an impact on decisions of services, but to me they are a redefinition of the rules by government and the parameters by which it wants future growth of the program to be influenced. The 7,000 places says, 'And within those new rules, we only want the industry to grow by this amount for two years. After that, these measures will be in place and well understood. Then we can take off the cap, and services will grow without a cap but with a clearer understanding of the rules.'

There was some mention in the first presentation this morning—and I think it was specifically mentioned as being in Queensland or the Gold Coast area—that some people who have established under a previous set of rules will be hurt by these new priorities the government have identified. By setting these down and putting on a cap for two years, they are trying to ensure that two or three years down the track people will not again be hurt by growing and expanding under a set of rules they did not understand. So the cap is really a slowing or a breathing space for people to understand that those other rules are the new priority rules of this government.

Senator WOODLEY—That is a helpful explanation. My last question is about the fact that there is a lot of concern that the charging on an hourly basis could affect the viability of centres. Do you accept that concern? What response would you make?

Mr Wight—I certainly understand that concern. I think it is a misunderstanding of what the minister and the government want looked at in this charging practices review. This is a general concern of government. It was a concern of the previous government when they were seeing figures—and, admittedly, we in the department were providing and identifying those figures—that something like 30 per cent of all hours of child care assistance that are paid for are not paid for hours where the child actually attends. So there was a concern that there was a mismatch, particularly in centres—that is the 30 per cent figure I mentioned—between attendance and hours subsidised by government.

The minister said that she wants this looked at by this new Child Care Advisory Council that we expect to be announced shortly as one of its first terms of reference. Nobody is saying that the government will move to actual hours. They are saying, 'We want to have a look at the current system where there is this significant mismatch. There are several other ways that we would like this advisory council to look at how the system is funded and whether there are more appropriate mechanisms for funding child care assistance at the moment.'

To me, the clearest example, which I have used with some people and I will perhaps leave with you, is that for families at the moment that are in child care assistance for four hours a day—let us say in this example, from eight o'clock in the morning until 12—under an actual hours system, they would be charged for four hours and the government would be billed for four hours. Under that system as it presently operates, that service would receive, because of this calculation, \$7.64 a day if the family were on maximum child care assistance.

If, however, that same child was in a service that had a half-day fee and operated for 12 hours a day and the half-day fee was six hours, that service could legitimately claim six hours of child care assistance, even though the child was only in there for four hours. That service

would receive \$11.46 child care assistance subsidy, compared with \$7.64 if it was on actual hours.

Some services—and it is 70 per cent of services across the country—do not even have a sessional fee and they charge for a full day. So on that same daily rate, if that child was in there from eight o'clock until 12, that service could legitimately charge that child for a full 12 hours, and we would legitimately pay 12 hours worth of child care assistance. So that service would currently receive \$22.92. For all of those three examples, the child is in there for the same period but there are three quite different amounts of money paid on government subsidy. All the government is saying is that we want to have a look at that system of charging practices.

CHAIR—So it has gone from \$7 to \$22 for four hours?

Mr Wight—For the four hours, depending on the charging system of the service. All those charging systems currently apply in this country.

CHAIR—I have some points for clarification, Mr Wight. You have outlined the legislation, but I want to nail what the primary purpose of the legislation is—just a thumbnail sketch.

Mr Wight—I would describe the primary purpose of the legislation as putting in place the child-care subsidy, the child-care payment arrangements—by that, I mean child-care assistance and the child-care cash rebate—into one single piece of legislation. At the moment, child-care assistance for long day care centres is currently covered by the Child Care Act. Any changes in what is being paid to child-care centres have to go through the parliament. Family day care, outside school hours care and occasional care are not covered by legislation at the moment; they are all done by ministerial delegation, and they can all be changed at the wish of the minister.

The key point to this legislation is to bring before the parliament all the child-care payment arrangements into one single piece of legislation. It will also do the other things that are in the 1997 budget—it includes the limits on the hours. The key thing that is taken forward from a program point of view, as far as I am concerned, is a single piece of legislation covering all child-care changes. Notwithstanding the concerns that I understand people have got about disallowable instruments, it means that in future all changes to child-care payments will have to go through the parliament; before they did not have to.

CHAIR—So it is actually open to greater scrutiny now by users, providers and parliament than it ever has been? Is that right?

Mr Wight—It is certainly open to greater scrutiny by the parliament; 'scrutiny', I guess, is the word that I am homing in on. It is certainly open to greater scrutiny by the parliament. Parents and services would have had much of the same information through handbooks, guidelines and those sorts of things—once the minister, through a delegation, took a decision, we reflected that in our guidelines and handbooks—but now it will all be in a single piece of legislation that will certainly be scrutinised by the parliament.

One extra thing is in the legislation that previously did not exist—I think it is important in the process. While some other mention has been made that it imposes on the child-care regime a lot of the social security approaches, I think one very beneficial approach that has always been in social security legislation and that has not existed in the past in child-care legislation is appeal provisions. Under the new bill there are appeal provisions for decisions that are made with respect to parents and with respect to services, so they will have appeal provisions under the new bill.

CHAIR—I just want to get to the issue of non-work related care because, as you would know, that was the hot topic of conversation both yesterday and today. Would you be kind enough to tell me the average amount of care that is used by children with a parent or parents at home?

Mr Wight—It is one of the issues that I had listed on my notes to respond to at some stage at the end if they did not come up in questions. Mr Buck said earlier in the day that he thought current usage was around 20 hours and that that equated to three days. In fact, current usage—I emphasise ‘usage’—is 14 hours per week. The current average amount that families pay for is 21 hours a week. So the 20 hours is very closely aligned to what families currently pay for.

There are some families in the system that use a little more than that, particularly families with children with disabilities. They have all been exempted from the 20-hour limit in decisions that have been included in the bill or in an announcement that the minister has made that she will move an amendment to exempt families who have a child with a disability from the 20-hour limit. They do use a little more.

CHAIR—So they can get the respite. How much care on average do they pay for as well?

Ms Carmody—Children with a disability average hours paid are 21.3 hours and attend 14.8, so it is not an awful lot higher.

CHAIR—It is pretty parallel, isn't it?

Mr Wight—Yes, it is a little higher.

CHAIR—Ms Carmody, did you have more figures there in relation to my first question about the difference?

Ms Carmody—I suppose the key thing is that a large number of the children who do use more than 20 hours per week are actually on maximum child-care assistance, so they are low income families. At the other end of the spectrum, about 17 per cent of those children actually use more than 50 hours. This is one of the reasons why the minister has announced the exemption for families in respect of the 20 hours. I think it is important that she has been able to acknowledge that.

There are also children of parents with a disability. They have also been large users of care and 88 per cent of those children are also on maximum child-care assistance. The children at risk families pay for an average of 24 hours per week and use 18 hours per week. A large proportion of these children at risk families are also from very low income families. There are also exemptions for those in terms of the emergency and hardship provisions.

CHAIR—How many of the non-work related care families use full day care for more than two days a week?

Ms Carmody—The actual numbers of children who use full day care for more than two days a week are pretty minimal. I have misplaced the figures.

CHAIR—We might be able to come back to that later on. Some of those families who are receiving more than two days care per week would surely have to be better off receiving other family support to help them cope, wouldn't they?

Ms Carmody—This has been raised by other members of the industry in discussions with us. A very relevant presentation was made way back in 1995 to the Australian Law Reform Commission by John Tainton, who is head of the Lady Gowrie Child Care Centre in Brisbane. He said that he really felt that, whilst they were providing some support to these families who were using large amounts of non-work related care, they really saw a high level of dysfunction

in those families and they really needed to have better inroads into other family support programs.

That problem has been around for quite some time, but the incidence of non-work related care has increased significantly with the oversupply of services in some areas. The general flavour of his submission was about children coming to care each day with their basic needs not having been met. So that was a very extreme case, admittedly, but he raised that with the Law Reform Commission way back in 1995.

CHAIR—I just want to move on to the re-approval process because, clearly, some of the services have expressed concern that they are going to have to go through a re-approval process. Why do they have to do that?

Mr Wight—The main reason is that all of the agreements that were previously signed were signed to make payments under the Child Care Act 1972 and, under the new arrangements, payments are to be made under a quite different act and so agreements have to be signed that authorise payment under the new act and also to ensure that appeal rights and so forth that are covered by the new act are available to all services.

It is also necessary for other service types—like family day care, outside school hours care and occasional care—because they have never signed an agreement under an act. As I previously said, they were under ministerial delegations, so all of the ongoing funding of these child-care payments is only authorised by the new act and so new agreements have to be signed by all services linking the payments to be made under the new act.

The old agreements will just lapse because there is no authority to make payments under those new agreements because they are all previously linked, particularly in centres, to the Child Care Act, and the clauses under the Child Care Act which authorise the payment of child-care assistance are all to be repealed as part of the transitional and consequential amendments that are made in conjunction with this bill. They all lapse, and so they cannot get child-care assistance under their existing agreements.

CHAIR—As you can imagine, some of the service providers are concerned that they will not get re-approval. What is going to happen to the existing ones? Will they get approval?

Mr Wight—Yes, I expect that they will all be approved. I should highlight that there is at least one new clause that they will be required to meet—only one new agreement condition that I ought to highlight at this point—and that has always been in place with family day care and other service types but it was not in the previous agreement under the Child Care Act, and that is that the person signing the agreement has to fall within a category of a fit and proper person and have no relevant convictions.

In the current environment it is believed by the government that that requirement is on some service types and ought to apply to all service types, so there will be an additional requirement. I fully expect that every existing service will be approved, but I have to be a little guarded because there is that extra condition which will be a condition that they do not have a criminal conviction in some relevant or related area.

CHAIR—So they are not being run by a paedophile or something like that?

Mr Wight—Yes, exactly.

CHAIR—The chances of any of them being currently run by someone of that behavioural type would be pretty remote, I would imagine.

Mr Wight—I would think so, and I would say that it is the minister's, the government's and our intention that all existing services will be approved. There is no intention that any existing service will not be approved.

CHAIR—One of the other things that I just wanted to check is that one of the private groups has raised a concern about the new child-care assistance rate for the FDC being included in the bill and that it is a more generous rate for long day care. I thought this rate had been around for ages.

Mr Wight—It has. It might be the first time that some people became aware of it for precisely the reason that I mentioned earlier: everything has become more transparent because we are now putting it in legislation and bringing it before the parliament. But, for many years—and I have been in the program coming up for seven years, and it has been there ever since I have been there, so it has certainly been there longer than that period—there has been a loading in family day care for part-time short hours care.

We could debate whether that is very short hours. I think it extends up to 35 hours per week for short hours care, but the major reason why family day care have that sort of loading for short hours care is that family day care—and it gets back onto this charging practices issue—charges overwhelmingly for actual hours used. So, in the example of a child using four hours of care that I mentioned earlier in these hearings, that child in family day care would only be billed for and charged for four hours, and the loaded rate applies to the time paid for that child. They charge in a different way in centres: generally it is for a session or for a dull day.

CHAIR—You have answered a lot of questions from Senator Woodley on the disallowable instruments. I got distracted a little bit during those questions, and I just want to check whether or not the question was asked as to what is actually new that is going to be in them. Is there anything new that is going to be a hidden trap?

Ms Swift—In attachment D of the tabled submission, there is a table which sets out for the committee what the components are of each of the instruments that are intended to be made. The vast majority of them are an amalgam, if you like, of material which was previously covered either in agreements, which the various service types had signed up to; in handbooks, which they were bound by; and in guidelines which were made, either under the Child Care Act or under the Child Care Rebate Act—all of those sources. The majority of the instruments do not contain anything new. They are just material pulled from other sources and reformatted to fit the legal requirements of hanging off the new bill.

There are some new things in there. They are primarily things that came out of the budget. The instruments that relate to the 20 hours are new, obviously. The instruments that relate to the allocation of child-care assistance hours are new. Emergency child-care assistance is not entirely new—it takes some aspects of what used to be special child-care assistance—but it is a new payment.

Things like the assets test, the income test and the indexation are all continuing existing arrangements. We have always very relied heavily on DSS to do those services for us and followed their family payment procedures. The work test instruments, as an example, will directly mirror what used to exist previously under the Child Care Rebate Act.

Could I take this opportunity to address a couple of Senator Woodley's earlier points on those particular instruments. You asked about the instrument about providing information under section 235.

Senator WOODLEY—I am not sure I was that specific, but we will have the answer anyway.

Ms Swift—I understand that the people who were speaking before us had some concerns about what information might be passed on. I just wanted to point out that chapter 7 of the bill has very substantial confidentiality provisions which safeguard all information provided. The chapter does provide for us to disclose certain types of information for certain reasons. That is basically to courts and tribunals to hear appeals and that sort of thing.

We have not taken any steps at this stage to draft a disallowable instrument under the secretary's disclosure power because, quite frankly, we have not come up with a scenario where we think we need to disclose any information that the act proper will not allow us to do. If some scenario arises in the future and we need to disclose power for some great public interest reason, we will need to do an instrument, and it will need to go before the parliament before the secretary can make an instrument.

CHAIR—Thank you. In relation to the outside school hours care, there is a reference on page 13 to there being utilised based funding. Would you mind just filling me in on what that actually means?

Ms Carmody—Utilised based funding was announced by the previous government in the 1995-96 budget. The basic intention of it was to bring the outside school hours care sector onto the same footing as other sectors in terms of their funding. A community service is approved for an approved number of cases, and then it is given a period of time to build up to that approved number of places.

In the event that they do not get utilisation at that level, the funding is wound down to their utilised level—within a band. There were a number of steps where, for example, if they were 65 per cent used it would come down to a band of places. If it was 65 per cent used, I think the thing was that you had to bring it down to a certain percentage. So, it did not come right down to the utilised level, but it was closer to that. The idea is to narrow the gap and improve the targeting of the subsidy that is being paid to them. This was relevant to the community centres sector and family day care. It was extended then to the outside school hours care sector.

Senator WOODLEY—I have a question.

Ms Carmody—It is not very clear.

Mr Wight—I think it assumes a bit of knowledge. The existing system where an operational subsidy is paid to outside school hours care services says, 'If we approve that service for 30 places, we will pay that service 30 times whatever is the going rate for operational subsidy whether there is one child in the service or 30 children in the service.' They get that subsidy with no questions asked. The utilised service says, 'We will come back afterwards and see how many children you actually had. If you only had 15, we then do an adjustment and only pay you on the basis of 15.' So you can pay on the basis of approved places or used places—that is really the only difference.

Margaret has described the formula: how we do not necessarily go down to precisely the 15—we will pay them 65 per cent if they are in a band. It is really just saying, 'We won't pay you for every place you are approved for unless they are being used.' The previous government were looking at adjusting that system—correct me if I am wrong—but never actually got to adjust it.

Ms Carmody—They had made a decision to adjust it and it was to come in from 1 July 1996. But, following consultations with the industry, that was deferred until 1 July 1997. It was about March this year when we knew internally that certain decisions were being taken about new funding arrangements for outside school hours care. The minister at that time decided not to put the industry through moving to the utilised base funding in advance of her new funding arrangement coming in. So, outside school hours care has known for about two years that it would be moving to a funding which was more aligned with their level of utilisation.

CHAIR—My final question is about the delay in implementation of school-age reforms—it has been requested by a number of people. Does the department have any view on that?

Mr Wight—It is a difficult one to answer because I personally have some sympathy with the outside school hours care sector. That sector has had quite a different outside school hours care child-care assistance funding system in previous years; they have not had a system that was directly related to the income of families, where fees had to be adjusted in a variable way to the range of families using their services. While there are some changes for centres—family day care and occasional care—the sectors I just mentioned have a system they have used for many years and that they are familiar with. While there are changes, I think they are understood and the payment system is understood.

That is not true for outside school hours care; outside school hours care have had a quite different system. They have made representations to the minister that it is very difficult for them to implement. The government was aware that it would be difficult for them to implement. In the last budget the government provided funding of \$3,000 per service to help them develop new business plans and identify new administrative arrangements so that they could put this new system in place—that was acknowledged. The government also set aside capital funding to assist them to make any changes that they might need to make to facilities, computerisation and so forth to administer this much more complex system.

They have made specific representations that I am aware of—so have the other sectors—but they have made specific representations to have the system delayed until 1 January 1997. I know that the minister is looking at the presentation they have made to the government for a delay, but that would be for outside school hours care services only.

Senator SYNON—I think Senator Knowles covered most of my questions but, Mr Wight, a constant theme yesterday, not so much this morning, was a comment that the process had been rushed and that there had been a lack of consultation. In reading your submission yesterday, I saw you talked about consultation in 4.2.1, and two attachments—A and B—specifically relate to it. It seems to me, in my knowledge of public sector consultations, that it has been fairly broad based and fairly extensive. How would you account, therefore, for the feeling that the process has been rushed and that, in fact, there has been a lack of consultation?

Mr Wight—I cannot really understand it, but I would certainly reiterate the information that is in our submission, not surprisingly I would say that it is correct. Those consultation processes have taken place. I heard Mr Buck this morning and am aware that some people have said, ‘You’ve consulted but you haven’t listened.’ I suppose that is always a risk where you hear lots of views in a consultation process, but the government or the agency is not able to take on board all the views that are raised.

Senator SYNON—You can never adopt a whole diversity of views, can you?

Mr Wight—That is true. So I guess the issue that I have heard, and certainly it has been raised with me by one of the national peak associations, is that they are not denying that we

have had a consultation process, but they have been saying, 'We don't believe you're listening.' So, unless you are getting the outcomes that the people that you are consulting with specifically want, they are going to be uncomfortable with what I will call a consultation process.

Senator SYNON—Although, looking at your documents, I think there is no doubt that it has been fairly extensive. Just a final question, and if I could direct this to you, Mr Bayada, because you have not had a question and I thought I would give you one.

There has been some criticism of Centrelink, which I find quite astonishing since it has only just started. Yesterday particularly there was some pessimism about its ability to adequately deal with the number of inquiries and responses that are going to come through on this issue. Could you just assure us as to the preparedness of Centrelink to deal with what will occur early next year, hopefully, and the training and preparation of the staff, et cetera?

Mr Bayada—There is a whole range of measures that we are putting in place. We will be increasing quite dramatically the number of people that we have available for teleservice to handle the calls. We have allocated something like an extra 110 staff just for teleservice to handle the additional workload. We are allocating a specific 131 number just for child-care issues.

Senator SYNON—That is the hotline number?

Mr Bayada—It is just for child-care issues. So that enables people to get through to people who are expert in the knowledge of child care and can deal with their queries. We are providing a 1800 number in each of our 17 area offices specifically for service providers who can talk to us about any problems or issues that concern them about their payments or other aspects of Centrelink's responsibilities with them.

We have already started quite an extensive training program for our staff in relation to the processes for collecting data from families to enable us to make the assessment and to have their payments ready by 1 January. So we have a training program for the data collection. We are working on another training program for the actual implementation when we go live in January.

There is a very extensive publicity program. The key products of that will be sent out to families when we begin the process of collecting data from them, hopefully at the end of October. There is a range of other measures that we are engaging in as far as publicity is concerned.

Very detailed procedural guides are being prepared for our staff. We have put in an enormous effort in trying to consult with the industry at the local level. Our officers have been very busy talking to people in the industry about what the changes mean to them, what the relationship will be between us and the service providers. I certainly have no concerns whatsoever about our capacity to pay service providers on a regular basis every fortnight. It is something that we do now for probably in excess of 150 million payments a year. We do not have any major problems in that arena. We have got a very comprehensive strategy in place for the implementation and I am very confident that we will be able to conduct the business on behalf of the Department of Health and Family Services.

Senator SYNON—Thank you.

Mr Wight—I wish to add two extra points very briefly; they are issues that I think Senator Woodley raised and I would like to get this on the record. Firstly, the issue about same sex couples was mentioned; I only picked it up in passing. The same sex couple requirements are

exactly the same as those set out in the child care cash rebate. Where eligible people have a partner—a single parent family is, of course, eligible—all of the conditions that are set out in the child care cash rebate must be met. The person must be living with another person and that person must be of the opposite sex. They must be in a marriage-like relationship and that marriage-like relationship must not be a prohibited relationship under the Marriage Act 1961. So same sex couples will not be eligible.

The other point that was raised in earlier discussions was this definition of sessional care. I think the previous speaker mentioned that there was a different session in New South Wales and a different session in the Northern Territory. That will not be a problem under the act. Every service provider defines whatever sessions they are currently offering to families. They can differ from service to service, not only from state to state. The service can say, 'I only have one session. It is an all day session,' or 'I have two half-day sessions,' or 'I have an hourly session.' The reason why that information is required is simply to allow Centrelink to do the calculation.

When a family fills in their form saying, 'I am in the service for four hours and this is the name of the service'—I used that example earlier, using from eight to 12—then Centrelink will be able to match that up with the service information that says that they have a session that says that that child is in for a 10-hour day. So Centrelink will immediately pay that family an amount equivalent to 10 hours a day, because that is the session in that service. If that same child is in a service somewhere else that has a session that is a six-hour half day, then Centrelink will do the calculation and will pay the six-hour day. So it is entirely discretionary on the services as to how they define their sessions, and it is purely for payment and monitoring of payment.

CHAIR—Thank you very much. Thank you to all the witnesses and to the department. Thank you to *Hansard* and the secretariat. The meeting is closed.

Committee adjourned at 11.38 a.m.