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COMMUNITY AFFAIRS REFERENCES COMMITTEE

Reference: Child care funding

WEDNESDAY, 29 APRIL 1998

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SENATE
COMMUNITY AFFAIRS REFERENCES COMMITTEE

Wednesday, 29 April 1998

Members: Senator Bishop (*Chair*), Senator Knowles (*Deputy Chair*), Senators Bartlett, Forshaw, Neal, O'Brien, Payne and Synon

Substitute members: Senators Gibbs and Woodley

Participating members: Senators Abetz, Brown, Colston, Faulkner, Gibbs, Margetts and West

Senators in attendance: Senators Bishop, Knowles, Gibbs, Neal, O'Brien, Payne

Terms of reference for the inquiry:

- (a) impact on families, children and child care services of:
 - (i) the abolition of grants and subsidies to child care and vacation care and any future abolition of operational subsidies for family day care services,
 - (ii) any reduction of families' access to Childcare Assistance and the Childcare Rebate,
 - (iii) families only being able to access child care subsidies in the form of Childcare Assistance and the Childcare Rebate if their children are cared for by carers other than the parents,
 - (iv) limits on and regional allocation of child care hours and places and the extent of unmet demand for child care places,
 - (v) any reduction in quality of services or the accreditation system, and
 - (vi) implementing the Child Care Payments Bill 1997 on 27 April 1998;
- (b) the extent and impact of:
 - (i) fee increases related to budget cuts,
 - (ii) child care service closures,
 - (iii) any reduction in child care places,
 - (iv) the use and nature of unregulated, backyard care, and
 - (v) any reduction in hours and services provided to children;
- (c) the effect of taxation, including but not limited to the Family Tax Initiative on parents and their ability and choice to participate in the paid work force or in the full-time care of their children;
- (d) the effect of child care subsidies (in the form of Childcare Assistance and the Childcare Rebate) being available only for families who contract out their child care to others, and not for those who provide child care at home;
- (e) the effect of fee increases and changes in the child care sector on women and their ability and choice to participate in the work force;

- (f) the extent of reductions in Federal Government revenue from people leaving the work force because they cannot afford child care services and the additional cost to Government of social security payments to them and their families;
- (g) the impact on work-based child care and workers where fringe benefit tax exemption for employer-sponsored care has been denied and any restriction on child care places; and
- (h) the impact of the Government's changes on workers in the child care industry and their conditions, and associated job losses.

WITNESSES

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BAKER, Mr Derek Raymond, Vice-President, Association of Child Care Centres of South Australia, 136 Greenhill Road, Unley, South Australia 5061	318
BELTRAME, Ms Adriana, Regional Manager, Multicultural Child Care Unit, 3 Ninth Street, Bowden, South Australia 5007	318
BONE, Ms Heidi Savannah, Central Women's Representative, University of South Australia Students Association, Level 3, Playford Building, University of South Australia, City East Campus, Frome Road, Adelaide, South Australia 5000 . . .	338
BROZEL, Ms Jennifer Kay, Assistant Chairperson, South Australian Association of Community Based Child Care Centres, c/- Penarth Court, Hillbank, South Australia 5112	318
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BUTLER, Mr Mark Christopher, State Secretary, Australian Liquor, Hospitality and Miscellaneous Workers Union, 101 Henley Beach Road, Mile End, South Australia 5031	364
CHERNOFF, Ms Deborah Anne, Convener, National Association of Community Based Children's Services, South Australian Branch, PO Box 95, North Adelaide, South Australia 5006	318
COLMER, Ms Kaye, Director, Lady Gowrie Child Centre, 39a Dew Street, Thebarton, South Australia 5031	338
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HOGAN, Ms Michelle Andrea, Assistant Secretary, United Trades and Labour Council of South Australia, 11-16 South Terrace, Adelaide, South Australia 5000	300
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PUDNEY, Ms Valerie Anne, Member of Women's Committee, Australian Manufacturing Workers Union, 229 Greenhill Road, Dulwich, South Australia 5065	300
RANSON, Mrs Ann, Member, Choice for Families National Association, 29A Caloroga Street, Wattle Park, South Australia 5066	388

REGIONE, Ms Gwyneth, Industrial Officer, Australian Manufacturing Workers Union, 229 Greenhill Road, Dulwich, South Australia 5065	300
REYNOLDS, Miss Susan Patricia, Director, Blackwood Community Child Care Centre, 5 Brighton Parade, Blackwood, South Australia 5051	338
SCHNEIDER, Mrs Beverley Joyce, Education Officer, Early Childhood (Queensland District), Lutheran Church of Australia, 197 Archer Street, North Adelaide, South Australia	373
SHAKES, Mr Christopher David, Assistant Director of Programs and Service Development within Children’s Services Operations Group, Department of Education, Training and Employment, 2/31 Flinders Street, Adelaide, South Australia 5000	348
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TRAN, Mrs Chau, Child Care Services Program Officer, Multicultural Child Care Unit, 3 Ninth Street, Bowden, South Australia 5007	318
WAKEFIELD, Ms Wendy Jill, Women’s Officer, Australian Services Union, South Australia and Northern Territory Branch, 5-9 Rundle Street, Kent Town, South Australia 5071	300
WATERMAN, Ms Petra Jayne, P.O. Box 76, Strathalbyn, South Australia	338

Committee met at 9.07 a.m.

ADAMS, Mrs Barbara, Publicity Officer, Child Care Centres Private and Professional, and Child Care Consultants, 6 Llanfair Terrace, Westbourne Park, South Australia 5041

BAMFORD-CLARK, Mrs Michelle, 34 Fairford Street, Unley, South Australia 5061

COPELAND, Ms Jane, 13 Ella Street, Parkside, South Australia 5063

D'LIMA, Mr David, 17 Seacombe Road, Sturt, South Australia 5047

FROST, Mrs Josie, 20 Fulham Park Drive, Lockleys, South Australia 5032

HUCKEL, Mrs Sharon, 13 Dellvale Court, Flagstaff Hill, South Australia 5159

NOWLAND, Ms Susan Louise, 15 Deane Street, Salisbury North, South Australia

PHILLIPS, Mrs Roslyn, Research Officer, Festival of Light (South Australia), 4th floor, Da Costa Building, 68 Grenfell Street, Adelaide

WASSOM, Mr Richard, 22 Fletcher Road, Henley Beach South, South Australia 5022

WATERMAN, Ms Petra Jane, PO Box 76, Strathalbyn, South Australia 5255

CHAIR—I declare open this public hearing of the Senate Community Affairs References Committee. The committee is continuing to take evidence into matters relating to Childcare Funding which was referred to the committee for inquiry and report by 30 June 1998. The committee will commence proceedings with a community forum. This segment will give individuals in the audience an opportunity comment on issues relating to child care. You may wish to comment on issues such as access to child care, standard of service provided, financial impact, or decision to remain working.

The procedure between now and 10 a.m. is that of a community forum. This session is intended mainly for those persons who have been affected by decision of government in the area of Childcare Funding. By 'persons' I mean parents, mothers or fathers. There will be another session later on between 12 midday and half past 12 for providers of child care, either in the private sector or the community sector, to offer their point of view or to make a comment. This session, between now and 10 a.m., is intended mainly for parents who have a point of view on any of the issues inside the terms of reference of the committee.

Ms Waterman—I am not a parent. I want to just have a quick talk about how this affects some workers that I know. I have not been given any other opportunity during this to speak, so is now an okay time?

CHAIR—Yes.

Ms Waterman—Chairperson, members of the Senate, ladies and gentlemen, I am the director of a rural community based child care centre. Due to being in a rural area our centre was lucky enough to retain operational subsidy for three years under the disadvantaged area subsidy, and thus was able to remain operational. However, I still feel that I need to speak out for the people and centres that have been affected. As one individual I have personal knowledge of five people who have lost jobs as a direct result of government funding cuts. I live and work rurally and I do not do a huge deal of networking in the child care community, so for me to know five casualties of these cuts is a lot.

I know one director, one clerical worker and three child care workers who have lost jobs and they came from four different centres. I will give you a couple of their stories now. I know three child care workers who recently have lost their full-time permanent jobs as a direct result of funding cuts to their centres. One of these people is a qualified child care worker and the other two are unqualified, but very experienced. Their centres closed due to lack of finances; in other words, the removal of operational subsidy.

All of these women lost entitlements in the way of holiday pay, long service leave and severance pay. One poor girl lost \$10½ thousand worth of entitlements and is now on the dole and has been forced back to live with her parents. She had planned to use her long service leave money as a deposit for a house. That dream is now out of the window. Another girl, a close friend of mine, has been studying for the past four years to become a qualified child care worker and is due to finish her course this year. She is a committed and high quality professional. What does she now have to look forward to? She can start to look for work in other centres, but if they are community based, what guarantee does she have that this centre will not be forced into closure or have its staffing or quality cut due to lack of funding?

The pressures of working in child care were hard enough before. With the added pressure of centre closures and the fear of unemployment, life is not much fun for most child care workers at the moment. These pressures have taken their toll on my aforementioned friend, with her five-year relationship coming to an end and her also being forced back into living with her mother. Again, that is not much fun at the age of 26.

I have seen the closure of four community based child care centres since operational subsidies were cut, and that is only in 10 months. Unless something is done there will be more closures this year and the next, and this is just going to snowball as centres use up their reserves and provisions just to remain operational. How many good centres will have to close? How many parents will have to find alternative child care? How many child care professionals will lose their jobs?

To conclude, I believe that this government has made a huge and disastrous mistake in removing operational subsidies to community based child care centres. Very average Australians are being affected by these cuts. Please tell the federal government to reinstate operational subsidies to community based child care centres, as Australia's children are our biggest and best asset and are too precious to be subjected to anything other than the best quality care available, and that is community based child care.

Mrs Phillips—I am here because of our many supporters who are concerned about an issue of child care from a justice point of view. I could sum it up by saying it is equal pay for equal mums. In the last 10 years the government has spent—both Labor and Liberal—disproportionate amounts of taxpayers' money on child care mainly for women who choose to go into the workforce and have some form of institutional child care for their children. Those mothers who would rather stay at home, especially while their children are very young, and give their children what they consider to be the best child care of all at home by their mothers, are given much less of taxpayer funding—very little taxation relief—and I would put to the committee that this is patently unjust.

Just a couple of days ago what alerted me to this meeting was a big spread in the *Advertiser* about child care centres and mums complaining. There is this photo of a mum who has decided now to stay home for two years—she has got a three-year-old and some other children—because child care fees now amount to a whole one-quarter of her take home pay, and as a result she is giving up work for two years. This is presented to us as a tragedy.

When my children were young child care cost me \$20,000 a year. Because I was a graduate high school teacher and I gave up that job to look after my children myself, that is effectively what child care cost my husband and me. But my husband wasn't allowed to claim that \$20,000 on his taxable income, nor did we question it at the time. But this is happening today. There are women who are making the choice to stay home and give up an enormous salary in some cases—some are not so big—but it is still vastly more than the child care fees at a child care centre. The government does not recognise this.

More important I think is the issue of what is best care. That is still controversial, but there is important evidence coming from interstate and overseas that babies and very young toddlers suffer real problems, even in the best child care centres. It is because their carers change. They of course are workers coming in who may work different shifts or who may resign and go to another job. There is not the continual care and there are problems with attachment to the mother later on. As a woman in my local preschool told me, she knew the children who came from the child care centre down the road because they lacked very long attention spans. She called them bratty. They sort of ran around and did their own thing. They were unable to relate well to adults; they played with other children and fought them. There were real problems there. I believe that this is a vast social experiment, which could turn out to be a mistake. Just on a justice issue alone, equal mums deserve equal Childcare Assistance. Thank you.

Ms Nowland—Originally I am a full-time student, and I also have eight children, two in full-time care. I have been studying in the Aboriginal Study Centre for the last two years and each fortnight it is getting harder to think about having my children in care because it is quite a bit of money coming out of our wage. Eighteen months ago it would have only cost about \$152 a fortnight for two children. I am now paying \$216 a fortnight. I have actually had offers from my mother and my best friends to take my children once a day for the week and that would save me the \$216, but after talking to my husband we have decided we are going to have to tighten our budget and we feel it is better for the kids to stay in day care, because they have not only got a stable environment but they have got a regular routine.

My sister-in-law actually had her two children in day care and she was working full time, but now has pulled them out and she is using relatives, two or three a week. When I look at their children and our children, which are virtually the same age, you can see the disadvantages they are having because they are not having the social contact in just being around adults more. I feel that we have got to start looking at us, because I especially want to work in the Aboriginal field, and if I have got to actually stay home and look after my children then it is going to be a disadvantage for me and for my own people. That is why we keep going. I keep going to school to get courses. I am graduating tomorrow for primary health care, and I just feel that it is very important that we try and get more help for parents.

CHAIR—Thank you, Mrs Nowland.

Mr Wassom—My wife and I are both full-time students at the University of Adelaide where we are pursuing our graduate diploma of education so that we can become teachers after graduation. We have two children, both under the age of three. At the present time they are both enrolled at the Observatory Child Care Centre which is at the University of Adelaide.

If it were not for the assistance that we are getting to put our children in that day care not only would we not be able to afford to put our children in our day care—and both my wife and myself attend school at the same time—we would have made the decision to not send them to day care, period, and one of us would have stayed home while only one of us would have pursued a degree. The reason for that is for the quality of day care that we were able to get with the assistance versus what we believe would be available to our children for us to pay the entire fee out of our own pockets.

That was a decision my wife and I made before we even had kids; that the quality of their upbringing was our responsibility and if it meant that she and I lived with less material things, then that was the way it was going to be. I would just like to plead to you that the effect is going to be on the future of people who are unable to pursue degrees, unable to attend jobs in order to take care of their children or to give them that quality of child care upbringing that they need, and I thank you for your time.

Mrs Bamford-Clark—I would like to thank the committee for deciding to come to Adelaide so that they can listen to parents and concerned people here. I am the mother of a 2½-year-old and a 12-week-old, which I am sure everyone has heard by now. I put in a submission to the committee as a parent as well as as a member of a group that I founded with a co-worker called the Parents Lobby of South Australia, so I put in two submissions.

We began that group initially when the child care task force first started to look into these issues because we were particularly concerned about the things that might happen. Unfortunately we are here today to talk to you about what they are because we knew that some of them would. At the time of the task force inquiry then and the types of things that were being mooted at the time, I with my husband decided to move our son from a smaller day care centre into a larger one in Adelaide.

We were fortunate enough to obtain a place in a good centre, a larger centre, but at the time I was really quite concerned about what may happen to the smaller centre. While it has

not as yet closed, I know that there are quite some distressing changes in that particular one. I have noticed changes in the centre that Taylor attends now. There has been a disruption in continuity. There has been quite a high staff turnover in the last 12 months and that certainly does disrupt and upset children.

It also upsets the staff, of course, and the worry about their future and their future employment means that they are somewhat more stressed than they have been in the past. Taylor quite often says now that he does not want to go some days, or he will get there and because there is such a large number of children in the room he is in now—the ratio is two to 20, so two staff members to 20 toddlers. If you spent a day with one toddler at two and a half, times that by 10—as the person who is supposed to look after one in 10 in children, I think we would all go crazy and I think child care workers deserve a medal to actually do it. I certainly know I would not.

The fees in the centre have gone up but, as I worked part-time in the first instance, we were able to afford that. I know other parents in the centre have removed their children or cut down the number of hours that they have had access. So it has affected quality of care and access to care for children. A few other things—like the food is less varied now, and in some centres parents actually have to bring fruit and things like that. I was working part-time until I had Daniel and have not returned to work as yet. We are in the process at the moment of thinking about whether or not we can actually afford for me to return to work and place two children in child care.

Because of the decrease in the quality that has happened, I am actually really concerned about full-time day care for my two children anyway. Because of the erosion I have seen of what was once really good and is now getting to be just okay, and anything else is going to be not acceptable, we have decided that full time child care is out of the question. So returning to work part-time and placing two children, say, two and a half days a week, in child care probably means I will bring home about \$50 a week.

When you think about all the other things associated with that, like getting dressed in the morning, and your clothes and dry cleaning and washing, and driving to work—your lunches, et cetera—it is probably not worth it for \$50 a week and I am not looking after our children and not necessarily raising them in the way that we may want them raised, or whatever. I think child care provides lots of qualities for kids by mixing with other people and stuff but I think that there are really some issues now about that.

I have three university degrees, I have a reasonably successful career and just am on maternity leave from having a baby. I like working. I work because I want to. I am finding that I am looking at other options because of the fact that we would really not be able to necessarily afford to continue paying the increased fees.

Ms Copeland—I speak in the following capacities, as a parent whose children have used two community based child care centres over the last six years and as someone who has been quite heavily involved in the management committee of the centre I am with at the moment. I have worked in the children's services program of the Commonwealth government, so I understand a little bit about the administration of the Child Care Program and the

way in which the government justifies its decisions. I am also someone who has a number of acquaintances who work both in the private and the community based sector.

While I have many concerns about the cuts to child care funding, I would like to focus just on two issues. They relate to the cuts to the operational subsidies to community based child care centres and in particular the effects of those cuts on the centres and on the community based model in particular; secondly, the effect of the cuts on the workers in the community based centres. I have a great sense of dismay about the decimation of the community based model in Australia, a model which has grown up over 20 years and which has a lot to teach the private sector model. I have a great feeling of dismay and outrage about the fact that working conditions for child care workers are going to be substantially eroded by the cuts to the community based model.

We all know that community based centres have been folding at a great rate and I have anecdotal evidence to support that. I know the centres in my area are having great difficulty. Tonight my centre is going to vote to amalgamate with another centre in the area. At the moment we are bailing that centre out, so I have experience of the effect of those cuts on the community based centres in our area. I believe that there have been three main effects on the community based centres. They have had to raise their fees substantially, they have had to lower the quality of care—and I support the previous speaker in the things that she said—and they have had to lower the quality of working conditions for the workers, and that is completely unacceptable.

To give you a couple of examples of what has happened in our centre, we have cut our food budget by \$4,000. We cannot have basic things like cheese and sultanas. It sounds very trivial but it is a very good example of the huge cuts that we have had to make. The cook's hours have been cut by half. Child care workers now do things like prepare meals, wash the dishes, put away the dishes, wash the clothes and the nappies. These are tasks they have to do at times when they would have been with the children. So there is a huge amount of juggling that goes on and that has placed a huge strain on the child care workers.

Someone else talked about the staff to child ratio. We have had to make changes there. We have now got the absolute minimum where we used to have a very good parent to staff ratio. We have sacked our administrative assistant. That is a luxury. She is now on the dole. She worked with us for seven years—forget that. We have outsourced our bills and paying of wages, so now where parents used to walk in and be greeted by an administrative assistant and a cook, they are greeted by an empty office and an empty kitchen. That has obviously resulted in decline of parental relationships with the centre.

We have the accreditation process encouraging us to get involved in the centre, encouraging us to get involved in meals. You can just forget that. So what I am saying is there has been a great deal of extra burden placed on staff at centres and a decline in parental relationships. A study released a year or so ago by the Australian Centre for Industrial Relations, Research and Training found that in this sector there are major breaches of the award, including no rostered days off, no lunch breaks, unpaid stand-downs, unpaid overtime and requirements to perform a coordinator's role at a lower rate of pay.

This is in a largely feminised sector with some of the lowest paid, most undervalued workers in the economy. There is a link between those factors and the imperative for private centres to make profits. So what I am saying is the community based model is extremely important to maintain. Basically I will just sum up by saying that over the last 20 or so years there has been a fantastic network of community based centres and that is being destroyed, and I think that is a tragedy.

Mrs Adams—I am the publicity officer for the child care centres, private and professional, but I am now a child care consultant. I was listening carefully to what Petra had to say about the people losing their jobs. I think the committee should be aware that the number of private child care centres in South Australia has doubled in the last five years, but the population has increased by only about eight or 10 per cent, I believe. So a lot of the job losses have been because of the proliferation of centres because people will tend to go to the centre closest to their home and which is most convenient to them.

I also noticed that most of the comments from mothers today have been with two children. I think nearly every parent had two children. Prior to 1992 when subsidies began, the private centres subsidised two-parent families ourselves, so they only paid the cost of one child plus about a few dollars more. When funding came in we were told by the federal government that we were not permitted to subsidise the second child any more. So if that restriction was lifted the private sector would again subsidise the second child in the two-child families and that would solve that problem.

We in the private sector pay mortgages and we pay council rates. The community based centres do not have to do that, so they do have a lot more of the money that they do get in from the child care subsidies to spread around. One of the ladies also just spoke about the centre having to cut food. In Queensland, for instance, all the parents send a packed lunch. We went into the hot meals in South Australia and that became the norm. So I guess it would not be the end of the world if that came in again. That is all I wanted to say, thank you.

Mrs Frost—I work in a community based child care centre and have for 20 years. I feel that I need to say that I feel that we are disadvantaged. I appreciate what Barbara has just said but all of our income goes back into the centre, as a community based centre. We try to run as a small business but we have not got access to taxpayers' funds indirectly through the taxation system. So if we advertise or give a discount for a second child our other parents have to pay the cost. We have absolutely no way of offering those sorts of specials.

The other thing I want to say is that I am very concerned about the families who are on lower incomes because nobody seems to be speaking about them. They may not have had the advantage of higher education sometimes but they are building careers and building independent lives for themselves as a family. I think that to exclude them from good child care because they cannot afford it is a disadvantage to a large group of children and families in our community.

Mrs Huckel—I am a mother of three children, two of whom are teenagers and one who is a four-year-old. She attends a community based child care centre. When I had the decision to put my child into care I went and investigated, and I felt that community based child care

met the needs of our family. One of the reasons, which may seem a small reason, is the question of food in child care centres. I felt it was important that, if my child was in child care from 7.30 a.m. to some nights at 6 p.m.—because of my work hours and my husband's work hours—that at least she was fed a decent, hot nutritious meal in the middle of the day. In the evenings, when my child was tired, I could still give her a nutritious snack and put her to bed. That is important.

It is important as a parent to know that, because you cannot be there to provide your child with the care through the day, a small thing like a hot meal and a nutritious meal in the day is really important. The other side of it, too, is a lot of parents do not have any choice on their work. We have three children. I cannot have a fourth. A third of my income goes in child care. If I did not work we would not eat because my husband's income covers our mortgage too. Also, as a parent I am committed to my child's care. I am a member of the management committee of our centre. I have been a chair of the centre and this year I have opted to be a vice-chair because I am also studying part time as well as working part time.

In this month alone I will be attending, in my own time, four meetings of various subcommittees. The reason for that is that, due to the changes in the funding arrangements to community based child care centres, we have to monitor very closely what we are doing with every aspect of care and finances. One of the issues that we are really monitoring very closely is the quality of our care. It distresses a lot of parents and the management committee to think that the quality of care has gone down. So I am asking you to consider what parents are doing to try to keep the quality of their child care up, to provide safe quality child care environments for our children if we cannot be there to provide them for them.

Mr d'Lima—I am speaking today in my capacity as a husband and father. My wife and I have two children and one on the way. We do not use any child care whatsoever, except that which we provide in our home. We do not believe it is the government's role to be providing child care for us; we believe it is our responsibility to use the wealth we have created in order to provide the care and nurture that our children need.

So I would like to say that the government ought to consider why it is that so many sad stories have been told today. People who feel that they are being forced to send their children to child care because they are struggling economically, that seems to me to be the fundamental question which goes prior to all of what is going to be discussed, although it will probably not be discussed adequately—is there is an ideological push for people to be earning two incomes?

There is a financial constraint upon families where the money which they have earned and created has been stolen by the government in taxes. Though there needs to be a legitimate place for taxation and a legitimate place for government, there still ought to be government policies and a taxation regime which enable families to make the choice that they want. Those who wish to stay at home—mothers in particular—and care for their young children should be free to do so and not be coerced by financial or ideological regimes into having to put their children into child care.

CHAIR—We have about another 15 minutes left in this session. If you have any comment at all or a viewpoint you might wish to express—one that has not been already expressed—please feel free to stand up and come forward.

Ms Copeland—There is only one thing I would like to add, and that is that I do not think many people knew about today, and I think that is a great shame. I found out only by accident. I think it is a shame that the committee did not advertise it more broadly to the wider community. You would have got a lot more people if they actually knew it was on about the budget cuts.

CHAIR—With due respect, that is not right. There has been a lot of press in South Australia, in the national press and on the radio. The committee has advertised to all those who wrote submissions and there has been a lot of contact with the people and organisations who made submissions. There has been, as much as possible, advice of the committee's hearing in Adelaide and all of the other states.

Proceedings suspended from 9.42 a.m. to 9.57 a.m.

HOGAN, Ms Michelle Andrea, Assistant Secretary, United Trades and Labour Council of South Australia, 11-16 South Terrace, Adelaide, South Australia 5000

PUDNEY, Ms Valerie Anne, Member of Women's Committee, Australian Manufacturing Workers Union, 229 Greenhill Road, Dulwich, South Australia 5065

LIEBICH, Mrs Jennie, Industrial Officer, Working Women's Centre, 55 King William Road, North Adelaide, South Australia 5006

REGIONE, Ms Gwyneth, Industrial Officer, Australian Manufacturing Workers Union, 229 Greenhill Road, Dulwich, South Australia 5065

WAKEFIELD, Ms Wendy Jill, Women's Officer, Australian Services Union, South Australia and Northern Territory Branch, 5-9 Rundle Street, Kent Town, South Australia 5071

CHAIR—I welcome the participants from the South Australian Child Care Coalition. I now invite you to make a short opening statement summarising your views on the issues. This should not be a repeat of your formal submission, a copy of which is before the committee. At the conclusion of your remarks I will invite members of the committee to put questions to you.

Ms Liebich—On behalf of the South Australian Child Care Coalition we appreciate the opportunity to participate in today's inquiry. The presentation that we will be giving today will give some background on the coalition and an overview of the survey process. I will also summarise our concerns regarding the impact of changes to Child Care Act funding and on workers with children and in particular women's ability to access and participate in the work force.

The Child Care Coalition was formed in May 1997 in response to community concerns which had emerged following funding cuts to child care services as part of the 1996 and 1997 federal government budgets. Members of the coalition include the Working Women's Centre, seven major South Australian trade unions, the South Australian United Trades and Labour Council and the National Association of Community Based Child Care Services.

A decision to survey the community was in fact made prior to the notification regarding this inquiry and the survey originally was developed following anecdotal information from workers about increased costs in child care, closures of child care centres, and reduced hours of care. We were at that time aware of a number of surveys, both in South Australia and nationally, which looked at the impact of budget cuts on services themselves, the families' use of those services and workers employed in the child care centres. However, we were unable to locate any information about whether these cuts were impacting on workers participation in work and particularly women's employment.

When we received notification of this inquiry we were able to review that proposed survey in view of the terms of reference that we received from the committee. The survey was conducted in two ways: a written survey had broad distribution throughout the member-

ship of the coalition as well as the general community. The survey was published through the newspaper media and radio. Participants who did not receive a written survey through their workplace were asked to contact the Working Women's Centre and were sent a survey. Secondly, we held a one-day phone-in on 21 February 1998 and the phone-in was also publicised throughout the media.

There were 445 written surveys received and a further 104 phone surveys, which totalled 549 questionnaires for analysis. Of these, 493 or 89.8 per cent were received from women, and 53 or 9.7 per cent were received from men. Thirty-five participants spoke a language other than English and 25 participants required care for a child with a special need. Over the past century women's participation in the workplace has increased steadily from 1881, where women comprised only 19.8 per cent of all South Australian workers. As at August 1994, 51.9 per cent of South Australian women over the age of 15 were either working or looking for work.

According to the ABS figures at February 1997, women's participation in the work force was 43.26 per cent. Women held only 32.93 per cent of full-time employment and 74.55 per cent of part-time employment and 11.4 per cent of women were self-employed.

Most casual work is part time and is undertaken by women. Of women employed part time, 65.2 per cent are employed as casuals. This creates a tension in families where employment is most vulnerable. Whilst child care is essential to earn an income, care becomes expensive to continue when income prospects are uncertain, as in the case of casual work. Predominantly economic pressure is the most common reason the work of women, who are mothers, varies. Other reasons include career progression and choice.

Enterprise agreements, collective agreements and individual contracts are aimed to increase flexibility in the work force and to improve productivity. In real terms this means that creative work patterns have changed the way in which workers can expect to be employed. The four-day week, split shifts, 10- or 12-hour days, compulsory overtime, all mean that for workers, particularly women, to be able to participate in the work force their child care needs must reflect this flexibility.

One of the major issues identified by the survey was how child care funding particularly affected women's choices not just in the workplace but in their family life. We were particularly alarmed to find that almost half of the participants were prohibited from working overtime or taking on extra shifts. Almost one-third claimed that they were forced to change their hours of work to meet their child care commitments due to the reduced hours of care being available. One-quarter were unable to attend training courses and over one-fifth were impeded from pursuing promotions.

Ninety-nine participants in the survey were forced to stop work or reduce their hours of work due to increased child care costs. These parents have been denied opportunities to aspire to or continue in paid work. Even more concerning were the comments from participants who made the decision not to have other children because the cost of two or more children in care was unaffordable to them. Decreases in the provision of nappy services and meals in some centres meant that parents were spending more of their time at home performing these duties which had been an accepted part of their child care service.

Of equal concern has been the impact on parents who are studying to increase their ability to gain employment. They report that the financial burden of increased costs for child care is impacting on their ability to complete their courses. What choices do they have when the sacrifices are financially greater than they can afford. Accessible child care must be available to all workers. The difficulties experienced by parents in organising child care arrangements were identified in that 264 respondents were involved in more than one type of child care and 124 of them juggled a variety of three or more combinations of care.

Parents experienced difficulties collecting children from more than one location before 6 o'clock in the evening and, where children were not picked up on time, the parents were fined. Where services have reduced their opening hours due to the 50-hour cap for Childcare Assistance, this has exacerbated an already chaotic problem. Establishing informal care for emergency care is more difficult and reliance on this is of concern to families.

Balancing work and family is still predominantly a women's issue. Women have the responsibility for children, often for disabled or elderly relatives, as well as the majority of home duties. Managing child care and work becomes much harder where families have two or more children in care, and particularly where the children's ages span both under and over school-age care.

The issue of unaffordable child care is a real disincentive to work. Anecdotal evidence to the Child Care Coalition survey suggests that many parents, particularly women in part-time or casual work, are questioning whether it is of benefit economically for them to work at all. Affordability of child care was the major reason identified for discontinuing or reducing hours of work. It was also the major reason why parents withdrew or reduced their children's hours in child care centres and sought informal, unreliable and unregulated alternatives.

Where women leave the work force because their child care is unaffordable, the community loses their skills and experience. In real terms, women simply do not have equal opportunity to participate in the work force if the determining factor which prevents them is unaffordable child care. Of the 99 participants who claimed they had been forced to stop work or reduce working hours, 88 of those were women.

For some families, particularly single parents who are studying, the cost of child care has meant that they have had to place themselves in considerable debt and financial hardship to continue their study. In many cases, after years of study, these increased financial pressures have led to them discontinuing their study and becoming a social security recipient. This does not support their ability to break their reliance on the welfare system and increase their ability to find paid work.

In Australia funding for child care has been justified to support labour market participation and because savings in tax or social security payments are estimated to more than pay for the child care subsidies. Where families, particularly single parents, make the decision to reduce hours of work or stop work completely, these decisions are likely to worsen the budget situation not improve it. I refer to information provided by Margaret Hunter to the Child Care Coalition and I believe to this inquiry regarding the break-even point where tax and social security savings equal the cost to the Commonwealth. She states that this cost is recovered where an employee earns well below the average weekly earnings.

In conclusion, we urge the Senate inquiry to immediately recommend an increase of child care fundings to reflect the real cost of care. The overwhelming response from participants in the survey who wanted consistency of care for their children was that they found the current situation of child care funding confusing, and that they wanted funding for Childcare Assistance to be paid directly to the centres. The coalition recommends the ongoing support to the community based sector.

Ms Hogan—I will just make a couple of points. I suppose one of the major things that has come through from the consultations that we have had with our respective constituencies has been that affordable cost is fundamental to a sustainable child care system, and that these changes are impacting on both child care centres being able to offer places at an affordable level and also parents' choice in being able to continue to have their children in child care. I suppose we pick up the argument around choice because there is less choice when centres close and there is less choice when parents conclude that cost is too high. There is less choice too when the quality of service is sacrificed to contain costs.

I think we need to look at the role of government in supporting child care centres by operational subsidies, and in fact we view child care funding as a work force support not a family income issue. The provision of affordable child care, particularly for low income earners, is essential for those workers to remain in work, and we view it particularly as a support for the labour market. We make that distinct link and therefore it has got a number of impacts, particularly on women's capacity to work.

I draw the panel's attention even to the role that the government has as a signatory to the ILO convention 156—workers with family responsibilities—and the role that the government has in supporting centres to assist workers to remain in work when they have additional family responsibilities and are bearing high costs for child care.

Ms Wakefield—The Australian Services Union of South Australia and Northern Territory branch represents workers predominantly in the white-collar area. There are approximately 10,000 members in this branch, 60 per cent of whom are women. It is an amalgamated union. We represent members in the private sector—clerical areas, local government, energy, social community services, travel, transport and information and technology.

Of the responses that we receive from ASU members—and the results of the survey were actually collated specifically in relation to ASU members—85 per cent of the parents who completed the surveys who are ASU members were women, 60 per cent were in full-time work and the rest were in part-time casual or contract work. Fifty-two per cent were using community based care and 53 per cent were using more than one type of care, including informal care.

The greatest impact of the changes to child care funding on our members, as identified by them, has been the increases in fees. Eighty-one per cent of our members were in the family income brackets, the majority of them ranging between \$30,000 to \$65,000. Fee increases were stated by them to have the greatest impact on them. Twelve per cent of parents were forced to either stop work or reduce their hours of work because of the increases in fees.

Other factors which were identified as effects on parents as a result of the child care changes to funding were that they were unable to work overtime and that they were forced to leave work early to collect their children as a result of the limited hours that child care centres are able to open. So I was just wanting to add those remarks in relation to our specific constituency.

Ms Regione—The AMWU in South Australia took the survey results and analysed them specifically as they relate to our members. Our members work in the manufacturing industries and we have actually made our own submission to the inquiry, so I will not duplicate what we have already written to you. Obviously you have already received that.

It does show the people who work in manufacturing and it has a slightly different result to others surveyed by this survey in that they tend to be in the lower income levels and they tend to be particularly affected by changing requirements of their working hours resulting from enterprise agreements. So it is quite frequent now for our members, for example, to be required to work 10 hours a day from Monday to Thursday—that is four days of 10 hours—and then to be quite regularly required to work overtime on the Friday.

One of the problems is that the arrangements now for child care funding, the payments to parents, are modelled on an outdated view of working hours, so we find that they do not accommodate the industrial arrangements which are arising out of enterprise agreements. Our members have particular problems with extended hours care because they often work shift work. In South Australia there is not much extended hours care available. There is only one centre here in Adelaide that provides 24-hour care and it is currently reassessing its hours, as I understand it. So our members are increasingly forced out to informal child care arrangements.

Our members often start work earlier than child care centres open and often work later after child care centres close, and so they have a great deal of difficulty organising their child care arrangements. As to the 50-hour cap, while obviously it is preferable that children are not in care for longer than that, nonetheless if you are working four 10-hour days and then you are required to work overtime on the fifth day, you are running pretty close to the cap and that is causing some difficulty for our members.

Ms Pudney—I have got nothing further, thank you.

CHAIR—We will go to questions now.

Senator KNOWLES—I am fascinated to listen to what you have said and to read your submission about labour participation rates among women. Is it a belief among all of you that participation rates are dropping?

Ms Hogan—The evidence that we seem to be getting through—this is because the introduction of these child care changes are not being reflected, I think, in current collected participation rate studies because the impacts are happening now—and we are relying on predominantly anecdotal evidence from union members who are regularly reporting them to their union offices and to the Working Women's Centre and to the other groups that are in

our constituency, is that it does appear that women are reviewing their options in participating in work because of the cost of child care.

Senator KNOWLES—There is a graph indicating the labour participation rates since January 1995, and they have remained consistent.

Ms Hogan—That goes to what date?

Senator KNOWLES—That is ABS figures.

Ms Hogan—And that goes to what date?

Senator KNOWLES—That goes to February 1998. The participation rates remain consistent. I am just wondering—you have probably hit on the fact that it is anecdotal evidence—whether or not you are advising people in any way, shape or form to give up work to save money on child care.

Ms Regione—It certainly would not be in our interests to do that and, with respect, speaking from the trade unions in the coalition, people resign their trade union membership when they give up work. It is not in our interests to advise them to give up work and we certainly wouldn't do so.

Ms Pudney—If they are total figures, if there are more younger women coming into the work force, is that distinctly analysed for those who are leaving and coming in, or is that just total?

Senator KNOWLES—That is total with children under 15 years of age, and that is taken from ABS figures.

Ms Pudney—Yes, but that is a total.

Senator KNOWLES—That is not taken from Sue Knowles just running around the district asking people ad hoc.

Ms Pudney—No, what I am saying is: is that analysed for who is coming in and who is going out, and why they are coming in and why they are going out? That is not an analysis of people participating. That is not telling us if people are going out because of child care problems.

Senator KNOWLES—Those are the facts from the Australian Bureau of Statistics.

Ms Pudney—Yes, but that only gives us a total. That does not give us the reasons people are going in and out.

Senator KNOWLES—Anyway, I just proved the point there that participation rates have not altered.

Ms Pudney—The total.

Senator KNOWLES—Because what we are being told repeatedly is that more and more women are dropping out. Do you realise that fees are not set by the government?

Ms Liebich—Yes, we understand that.

Senator KNOWLES—I don't know who to address the questions to here.

Ms Hogan—Jennie is really leading our delegation.

Senator KNOWLES—Do you also realise that \$78 million more has been provided by the government to South Australia, which is an eight per cent increase, in this financial year?

Mrs Liebich—I certainly am aware that the child care services set their own fees and they do so, particularly with the community based sector, to reflect a break-even budget. What I also know is that since 1996 there has been no change to the Childcare Assistance that parents receive. So if you look at, say, 1992, when the rate of Childcare Assistance for the child care ceiling was \$103 and the real cost of child care or the average cost of centre fees was around \$118 per week, from that time until now we are looking at Childcare Assistance going to \$115 in 1996, but the real cost of care going up to \$170. The gap between what Childcare Assistance parents could access and the real cost of care has increased dramatically, and it is that gap fee that causes parents the most difficulty.

Ms Wakefield—Just to add to that, one of the concerns that is coming through to us from parents is that they want a quality service to be provided to their children in child care. In order for that to be given to them, they are not happy to see staff being made redundant and other changes to be occurring, because centres are fighting not to increase their fees any further.

Senator KNOWLES—Can you explain to me then why it is that you have singled out the low income earners when in fact the assistance is targeted to the low income earners? For a low income family with one child, for example, in full-time care the reductions would mean a Childcare Assistance increase of 50c per week. This is directly as a result of the government's decisions—not the decisions of the centres themselves to increase their fees. That is a decision of theirs, not of government. Why do you feel that you should be directing your accusations in this area, in the government area, as opposed to the centres themselves for increasing their fees?

Mrs Liebich—I think services make every effort to maintain fees within their regulations, that are set down by both the state and the federal government, regarding the quality of care issues. Accreditation itself has meant that there are certain expectations on services that are costly to provide a quality of care that is acceptable under that accreditation process. Ninety per cent at least of budgets for child care services are related to their staff. There is not a lot of leeway when you are talking about reducing costs of care, and if services are meeting the licensing requirements set down by this state government in terms of staff to children ratios, where does that service have a leeway to reduce the cost? If the real cost is staff plus 20 per cent or 15 per cent of the administrative parts of their organisation there is no leeway for them to completely reduce their fees. We are talking about the difference between \$115 in Childcare Assistance as a ceiling and \$170 in real costs. If you want

services to reduce their fees to a point where the Childcare Assistance equals the real cost of care, you are asking centres to reduce their fees by just under, in the vicinity of, \$65.

Senator KNOWLES—There is the real growth in Commonwealth outlays from 1989-90 projected to the year 2001.

Ms Hogan—And so it should be.

Senator KNOWLES—I am not saying that it shouldn't.

Ms Hogan—We have a growing number of families participating in child care and that has enabled workers to participate in the work force. Simply to show us government increase in child care funding is like showing government increase in a number of services. Our basic argument is, I suppose, that we take an ideological position around the decision to change the structure of child care payments so that it is directed at parents rather than directed at the providers. One of the things that has come through very strongly, particularly in South Australia where we have a large number of community based child care centres, is the impact of the removal of operational subsidies for community based child care. There is very strong support for the use of community based child care in South Australia. Parents want to maintain that quality of service for the provision of child care and so we argue against that ideological direction.

Senator KNOWLES—But what you are suggesting is that government cuts have caused the problem. What I am suggesting is that that is the true figure—

Ms Hogan—Cuts to operational subsidies.

Senator KNOWLES—from the outlays, the total outlays. One of the other things that has concerned me in your evidence is that you have said the quality of the community based child care centres has dropped. Is that right?

Mrs Liebich—We are not particularly saying that. We are saying that our information from participants in this survey was that they consistently said the quality of services had dropped. Parents were saying it, not us.

Senator KNOWLES—I would like to know the names and addresses of those centres, because if their quality has dropped their accreditation would obviously not be granted. I am sure that their quality has not dropped below their level of accreditation. But if you are suggesting for one moment that their level of service has dropped to such a point that it is so dreadful—

Mrs Liebich—The only information that we can give to this inquiry is that the information we have received from a percentage of parents—and this is not all of them, certainly—is that they feel the quality of service has fallen.

Senator KNOWLES—So it is anecdotal evidence—

Ms Hogan—No, it is not anecdotal. They are reporting actual change.

Senator KNOWLES—Yes, but it is anecdotal evidence—

Mrs Liebich—We are asking, ‘Do you think the quality of service has dropped?’—and a number of them said yes.

Senator KNOWLES—But are you suggesting that the anecdotal evidence being provided by parents—

CHAIR—The witness refused to concede that the evidence was anecdotal. Ms Hogan said it was not anecdotal evidence, Senator Knowles, and you keep saying it is.

Senator KNOWLES—It is provided by a survey.

CHAIR—Yes.

Senator KNOWLES—The survey is from people’s opinions. People’s opinions are of anecdotal evidence. There is no—

Ms Hogan—It is provided from their factual experience of their own child care centres.

Senator KNOWLES—Excuse me, can I just finish?

CHAIR—There should be only one person speaking at a time.

Ms Hogan—Sorry.

Senator KNOWLES—The point that I am making is that there is anecdotal evidence from parents to provide the information that services have dropped. The reason that I question that is that I believe that the monitoring of the state government would ensure that those services would be out of business if they had dropped to that point. I am saying that it is in no-one’s interest for them to drop at all because they would lose their accreditation.

Ms Hogan—That is not true.

Mrs Liebich—If I could just respond to that. Under the accreditation system parents are surveyed in that process to give their opinions on the quality of the service, and that information is included in the whole process to determine the level of accreditation that that service receives. Most of the centres in this state have undergone their accreditation process and I would suggest that the majority of them have been granted a three-year accreditation. So we are not in the process at this stage of reaccrediting them. They have not even come up to the time when that would happen. However, in our survey, we specifically asked parents to give us information about their impressions of the effects of recent changes in the child care funding. We asked them specifically to comment on whether they felt that the quality of care had been reduced; 134 recipients have said yes, they think that it has.

We have not asked specifically in what areas they believe the quality has reduced, but if parents can't be coming out and saying, 'We think the quality of care is reducing' and 134 of our survey suggest that that is the case, then we need to be taking that on board.

Senator KNOWLES—Do you have a copy of your questionnaire, please?

Mrs Liebich—It is attached to the submission.

Senator KNOWLES—If I remember correctly, the questions were fairly loaded to get the answers that were required, were they not?

Mrs Liebich—I do not believe so.

Senator KNOWLES—Who designed this questionnaire?

Mrs Liebich—The coalition designed it and we had the questionnaire assessed by the University of South Australia to give us information to make sure that they were not leading questions.

Senator NEAL—I do not want to spend an inordinate amount of time on the issue of work force participation, but I think it is worth maybe taking a step back and re-examining. You were presented with a graph by Senator Knowles that is actually an attachment to the Department of Health and Family Services submission to us, and we have not had a chance to examine them about exactly how it was constructed. But it appears to me that it is based on non-seasonally adjusted figures, so it does give—

Senator KNOWLES—It is all seasonally adjusted, Mr Chairman.

Senator NEAL—So it does give some reason to say there could be some uncertainty in the figures. I will just, for your information, seek your response when I have completed. There is an article by Tom Allard in the *Sydney Morning Herald* of Monday, 20 April, and it is exactly about this issue of work force participation. He says:

Labour force participation rate for women with children under 15 has fallen from 59.1 per cent in March 1996, when the coalition came to office, to 58.3 per cent in February, unpublished, seasonally-adjusted figures from the Australian Bureau of Statistics show.

I understand the reason the *Sydney Morning Herald* had to pay for those figures to be prepared as seasonally adjusted, because they are not available and they are not published. I suppose it is arguable that really that is a fairly small drop, and I guess over a relatively short period of time. Do you have any possible reasons for why this change, as to date, is reasonably small? I might note that the figures that were being shown by the department start in January 1996. They don't show that there was growth in participation; it was not even before then. Have you any explanation for why the participation rates are only showing up now and have not shown anything before?

Ms Pudney—Those figures do not reflect people who are struggling and reducing hours; it only talks about people who have walked out of the workplace, and what is the projected

rate of increase that would be expected for women to be participating on an increased rate—not staying static. It would have to be worked out on figures against what would be the expected increase to get the true picture.

Ms Hogan—I think the major area that this is going to impact on is the capacity, particularly for women, to take up full-time work. Increasingly what we are seeing is an increased marginalisation of women workers, particularly low income workers, into part-time and casual work with no opportunity to break out of that cycle. So we perpetuate families being stuck in low income brackets. Because the cost of child care is so extreme they will never be able to afford it. When their children perhaps no longer need child care or are at school age where they can basically take care of themselves, that will enable families to break out of that cycle.

Senator NEAL—There was some discussion also earlier about affordability of child care and I am interested to hear from you about what exactly is the measure of affordability for most families? Is the question of affordability—and you use the term ‘affordable’ in the survey—measured by the exact amount of fees, or is it measured by families in the gap between the fees and what the government assistance provided is?

Mrs Liebich—I think it is measured by the amount that they are paying in real terms, once they have received back any subsidies from the government. So where a service is charging around \$170 that parent will be paying in the vicinity of a \$55 gap fee. That gap fee is certainly not income assessed. Every parent pays it. You pay it per child, and so whilst the Childcare Assistance would appear to pay a very large percentage of that parent’s fees, once you then add the gap fee onto it, and you times it by a number of children, in real terms that parent is often paying well over \$100 of their income to child care fees.

If they are on a very low income, then they start making decisions about whether it is affordable for them to work, once they take into account things like their travelling time, if they are working only part time or casual. The ability for them to access a place for casual work when they are not quite sure whether they are going to receive consistent casual work makes it very difficult, because you are still paying for the place, whether your child is there or not, to hold it. It is that lower end of the scale of income earners that this most affects, and it is those parents who have more than two children that it most affects, because that gap fee is not income assessed.

Ms Regione—One of the problems with the new arrangements is the way that you have to pay. I am thinking particularly now of vacation care or out-of-school-hours care. In the past the operational subsidy went to the program, and so the parents would put their children in the program, and at the end of the week they would go and pay what they had to pay. But under the new arrangements, which are only just coming in, the parents now have to pay up-front because the program does not get the subsidy. They need the money in order to run the program, so they have to require that the parents pay up-front the full amount, and then the parents have to go later and get their refund.

That is all very well if you happen to have enough money in the bank. If you have three children, you have to find the money up-front to pay for this, so it is actually making it more

difficult for people to pay for their care. It was simpler for them to pay where they could pay a lesser amount.

Ms Hogan—And that also has an impact on the actual provision of the service, because increasingly centres and programs are not able to offer the kind of quality that they may have previously been able to. They need to cut their cloth in order to ensure that they will actually have the money to cover their program. The reports are that they are increasingly moving towards a very basic program in order to ensure that they can cover costs. So that impacts on the quality of the programs and the care that children receive.

Senator NEAL—It has been argued before the Senate committee in hearings before today that the Childcare Assistance freeze particularly adversely affects low income families who are on maximum Childcare Assistance. Do you have any evidence that would either support or refute that?

Mrs Liebich—It would only be anecdotal at this stage. Our survey did not specifically ask parents to identify what level of Childcare Assistance they were receiving. All we could say is that we have included within the survey anecdotal evidence from parents in the form of statements about how it affects them when they are on a low income.

Senator NEAL—Just to clarify that, I just noticed in your survey you reported the percentage of take home income that parents required to pay their child care.

Mrs Liebich—Yes.

Senator NEAL—Did you also record what income levels those people were from?

Mrs Liebich—Yes.

Ms Regione—I think that is the question above.

Senator NEAL—No. What I mean is: do you know of the people who have to pay more than 50 per cent of their income in child care? We would assume logically, but I am just wondering if you could confirm that: did your survey show that those were particularly low income families?

Ms Regione—That would have required correlating those two—

Mrs Liebich—We have not analysed it on that basis, no.

Senator NEAL—But if you were able to do that we would be very pleased to receive that when you are able to.

Mrs Liebich—We certainly can do that.

Senator PAYNE—Some of the questions this morning, and your responses, were concentrated particularly on your concerns for low income families. In evidence that we received in Melbourne last week, one of your fellow unions, the Shop Distributive and

Allied Employees Union, made a submission to the committee that private services in reality provide care for more families on low incomes than do community based services across Australia, and in fact provided nearly 30 per cent of all centre based care.

Their view was that the operational subsidy being paid to these services was in fact inequitable, because only the users of those centres benefited, irrespective of their means. You, in your recommendations, call for the reintroduction of operational subsidies. I would be interested to hear your response to your fellow union statement.

Mrs Liebich—I have not seen the figures, obviously, that they have based their interpretation on. However, within South Australia we have a different breakdown of community base to commercial services. In fact, we have a much higher percentage of community based centres in this state.

Senator PAYNE—Could you tell me exactly what that percentage is?

Mrs Liebich—No. I do not know that at the moment, I have to say, but I am sure that one of our—

Senator PAYNE—In other evidence we have been told that there are 107 community centres and 102 private centres.

Mrs Liebich—I have just been told that it is 70 per cent of community based centres. I do not know that for sure.

Senator PAYNE—I will check that other evidence when the people come forward.

Mrs Liebich—My response to that is that that suggests there is a level playing field for both community based and private centres, and we would certainly refute that.

Senator PAYNE—Could you tell me what you mean by a level playing field?

Mrs Liebich—That, given an open market, community based centres can exist with the same rules, regulations and ability to succeed as a commercial centre. We say that that is not the case, and for a number of reasons. The community based sector was set up by the federal government with specifically community small business models, let's say, so that they were regulated as to the number of licensed places that they could open. They had a model of direction from the government as to how they would be managed, and they were managed by a community management committee, which then needed to be resourced so they could make informed decisions about how to run that service.

The commercial sector, which were able to build centres where they felt they wanted to, were able to place much higher numbers of children within their services, so that we have centres that are running 60 and 80 children. The community based sector has not had that ability to do so, and that certainly affects how equitably you can run a business. If you can have a centre that is providing care for 60 or 80 children, across the board it is a much cheaper service to run. So we would certainly say it is not a level playing field, and I do not think you can suggest that the community based sector, which was set up by the federal

government, in a particular model that requires support, should not continue to receive that support.

Senator PAYNE—But, as I understand it, before the removal of the operational subsidy by and large fees between private and community centres were within a couple of dollars of each other, anyway. You have got a parent at one end of the street and a parent at another end of the street, both sending their children to child care centres, both on low incomes, one of which is receiving a subsidy to support their children. How is that equitable for those low income parents?

Mrs Liebich—I am sorry. I am not quite sure that I understand the question.

Senator PAYNE—You have two families on the same street. One sends their child to a private centre; one sends their child to a community centre. One of those centres is receiving a subsidy. How is that equitable for the other parent?

Mrs Liebich—The subsidy that was being received by the community based sector was to support the fact that it was a particular model that the federal government set up.

Senator PAYNE—Not this federal government.

Mrs Liebich—So withdrawing that means that you then do not have the ability to resource the very model that was—

Senator PAYNE—You then go on in your submission to say that you recommend a readjustment in the Childcare Assistance ceiling on an annual basis to reflect the true cost of child care, and so on, yet whenever Childcare Assistance ceilings have been increased before by and large they have been absorbed in fee increases in centres and have provided no relief to low-income families. Are you suggesting that perhaps the Commonwealth should also be involved in fee-setting, so that there can be some control over that?

Mrs Liebich—No, I am not suggesting that at all.

Senator PAYNE—How do you suggest then that an increase in the Childcare Assistance ceiling would provide any relief if it has always previously been absorbed? Why would this be any different?

Ms Hogan—If we could come back to the basis of why we support the continuation of support for community based child care centres—

Senator PAYNE—Could I get a response first to my question about the Childcare Assistance ceiling?

Mrs Liebich—The only response that I can give you to that is that the costs of care have increased, particularly influenced by a number of factors, such as the introduction of the child care award, so that there was a consistency of wages across the board. When we look at the difference between that Childcare Assistance and the real cost of care, the percentage

was much less six years ago than it is today. How can that reflect the cost of increases to the sector if it does not, in itself, increase on an annual basis?

Senator PAYNE—I know what you are saying, but I am asking you a question in relation to your specific recommendation that the Childcare Assistance ceiling should be monitored and readjusted on an annual basis to reflect the true cost of child care, and so on. But previously, when Childcare Assistance has been increased by the Commonwealth, it has been absorbed by fee increases. It has not provided relief to low income earners, which you say is what you want to do. I want to try to understand how, through your recommendation, it would be any different on this occasion.

Ms Regione—The difficulty is, isn't it, that you could say on that basis: what is the point in ever increasing the assistance? But the fact is that real costs increase over time, and the level of assistance should be reviewed annually to make sure it keeps up to date with the increase in costs. Whether that gets absorbed by the centres in their fees is a separate question again—and you raise the whole question about how the fees are set by the centres—but Childcare Assistance should be regularly reviewed and brought up to date. Quite obviously that is a reasonable thing to ask.

Senator PAYNE—But your recommendation does not tell me how you expect it to provide any relief for low income earners, which is what you purport to be arguing for, and we have had evidence that the award and, I assume, things like workers compensation, superannuation and the costs associated with running a centre are as much a component of increasing fees as the operational subsidy question that you have raised today. Do those things figure in increasing fees—workers comp, superannuation, those sorts of things?

Mrs Liebich—I am sure they must.

Senator PAYNE—The point I have been trying to make is that your recommendation calls for something specific, with a view to relief for low income earners. I cannot see how it would be any different if this government increased the Childcare Assistance ceiling than it has in previous times.

Ms Pudney—But it at least allows them to keep abreast and not go under, doesn't it? If you give them nothing on that excuse, then people will go under, because the fees have to increase. Every business talks about increasing costs.

Senator PAYNE—But in the private sector fees have not increased like that.

Ms Pudney—But you have said they have stayed within a couple of dollars, so they must do.

Senator PAYNE—Even before the removal of the operational subsidy—before then, not since.

Mrs Liebich—Excuse me. Have you actually had a look at the cost of care in commercial centres prior to the introduction of Childcare Assistance into those centres?

Senator PAYNE—Certainly.

Mrs Liebich—It is my understanding that when Childcare Assistance was introduced into the private centres that their fees have increased quite a lot. I do not know where you have your information about how that has impacted on the community based sector.

Senator PAYNE—Because I am talking to you about your recommendations in terms of removal of the operational subsidy—

Mrs Liebich—Yes, but what you are saying to me is that, when Childcare Assistance has increased, that that has been absorbed into increased costs, and that the fees have still continued to rise. Is that what you are saying?

Senator PAYNE—Yes.

Mrs Liebich—I do not have any information about that, because I do not know that information.

Senator PAYNE—That is what I am saying.

Mrs Liebich—And that is based on what?

Senator PAYNE—That is based on the evidence over the preceding increases in Childcare Assistance fees.

Mrs Liebich—From where?

Senator PAYNE—From the Commonwealth.

Mrs Liebich—It is saying that when Childcare Assistance goes up, then the centres increase their fees?

Senator PAYNE—Yes, that is right.

Mrs Liebich—If we are looking back at the last—

CHAIR—Senator Payne, the witness has really told you a number of times she is unable to answer the question.

Senator PAYNE—I was not asking any more questions.

CHAIR—If you are not asking any further questions, we will go to Senator Gibbs.

Senator GIBBS—Just to follow on from Senator Payne, I was wondering how many community based child care centres actually make a profit, as opposed to private centres.

Mrs Liebich—Our only information is that a community based centre is a non-profit organisation.

Senator GIBBS—That is exactly right.

Ms Hogan—I think that boils back to the basic reason why we are taking this position on the way government funds community based child care centres. The argument that we should have everyone operating the same would seem to defeat this current government's arguments around choice. We are supporting a particular sector in the child care industry because of the nature of care that those centres are able to provide, and support for a community management structure which enables parents to be involved, to make decisions about the way the care is provided for their children.

Those community based child care centres have been able to look at specialised programs, they have been able to look at greater child-to-carer ratios, they have been able to set standards and be a benchmark for the industry, which, if we continue to remove those subsidies, will no longer be able to continue, and will move the baseline for the entire industry downwards, because of the orientation towards making a profit rather than feeding the income back into the centres.

Ms Regione—One of the other aspects in relation to that is that the community based centres tend to provide more care for children with special needs, and more care for the baby care, because obviously it is a less profitable end of the market, and the private sector does not provide as much of that.

Senator GIBBS—I must commend you on your submission. It is quite good. I notice in your different surveys that of course it is the women in the community who are suffering more than the men. What I wanted to ask you was, do you believe that because of the change in the subsidy, where it is not going to the centre first, and the parents have to pay the fees up-front, which a lot of them obviously cannot afford, that this is one of the reasons why there is a reduction in the quality of the care in these centres?

Mrs Liebich—I do not know that it has a big impact on the reduction of quality of care, because the centres will get the money up-front and in full total. It is only going to be the parent who is going to be able to recover their percentage of their Childcare Assistance at the end of that period of time. But it does have a big impact on choices that people make about going to work, because if you have been offered a job and suddenly you have got to come up with two weeks of fees in advance, where does it come from?

Senator GIBBS—Particularly if you are on social security and you have not got a job, and of course you do not get a pay packet until the end of the week or at the end of the fortnight, and you still have to live in that week.

Mrs Liebich—I think it particularly affects students, too. We are looking at not just people who are trying to access work but people who are training so that they can put themselves in a position where they can access work. Those same students are going to have to come up with what amounts to quite a large amount of money out of one pay period to pay two weeks of fees in advance.

Senator GIBBS—I was interested in some of the comments you had from single women and single parents on their own, where they are trying to study, and child care, and of course

if you are living on social security and you have children. I come from an area where we have a high percentage of people, particularly women, who are in this situation: they are on social security, trying to study so that they can improve their lot in life, and of course their children's lot in life. They cannot afford a car. Most of them cannot afford most things. They have to rely on family for clothes and any little extras. The cuts in child care are impacting on them.

Wouldn't you say this is like a dog chasing its tail? If you do not have a job and you study, you are doing it so that you can get a job, preferably a well-paid job, and can improve your lot. You pay taxes which the government takes, and of course you are using these centres which employ people who pay taxes. And so the circle goes on. Of course, we would all love to have an ideal society where we are all working and paying taxes and providing jobs for other people, so that we have this 'you beaut' society. But of course these cuts are stopping these people from doing this and, as you say, forcing them back into poverty, and staying in poverty. Quite frankly, I think living on social security is poverty. It is very difficult to have a decent lifestyle. Do you agree that with these cuts this is actually happening?

Ms Regione—Also there is an interaction between what you are describing and the survival of the availability of care in areas where manufacturing workers work. A lot of manufacturing industry is established in a lower socioeconomic area. In South Australia it is north, and down in the south. I gave an example in the AMWU's state submission of what is happening with the vacation care program for the people who work at Holdens. Holdens is down north. The vacation care program is at Salisbury North Primary School. It is in a very low socioeconomic area and so the vacation care program is by arrangement with the company, the union and the centre. It opens earlier than most programs do to allow people on their way to work, because they start early, to take their children there on the way in.

That centre caters for not only Holdens children but also for children from the neighbourhood. So when the people you are describing are forced to drop out and when people have to pay their fee up-front, the fees for the vacation care program are now going to double. Starting from the next school holidays they are going to double and they are going to have to be paid up-front. The parents will get some rebate but they will have to go and claim that later.

The program has advised us that it is not sure whether it will be able to survive because there is the impact on the people who work at Holdens. Some of them may withdraw because of that and rely on relatives and friends, and there is also the impact on the people you are talking about who live in that community who use the centre. The problem is that services in some of those lower socioeconomic areas are actually closing down. For people who do have jobs that means it is more difficult to find somewhere to put the child.

CHAIR—I thank the representatives from the South Australian Child Care Coalition for coming in this morning.

[11.00 a.m.]

CHERNOFF, Ms Deborah Anne, Convener, National Association of Community Based Children's Services, South Australian Branch, PO Box 95, North Adelaide, South Australia 5006

GEISLER, Ms Robyn Angela, Secretary, National Association of Community Based Children's Services, South Australian Branch, PO Box 95, North Adelaide, South Australia 5006

BROZEL, Ms Jennifer Kay, Assistant Chairperson, South Australian Association of Community Based Child Care Centres, c/- Penarth Court, Hillbank, South Australia 5112

HEATH, Ms Rebecca, Chairperson, South Australian Association of Community Based Child Care Centres, c/- Penarth Court, Hillbank, South Australia 5112

ATKINSON, Ms Judith Mary, President, Association of Child Care Centres of South Australia, 136 Greenhill Road, Unley, South Australia 5061

BAKER, Mr Derek Raymond, Vice-President, Association of Child Care Centres of South Australia, 136 Greenhill Road, Unley, South Australia 5061

BELTRAME, Ms Adriana, Regional Manager, Multicultural Child Care Unit, 3 Ninth Street, Bowden, South Australia 5007

HUYNH, Mrs Thu Thi Nga, Project Officer, Multicultural Child Care Unit, 3 Ninth Street, Bowden, South Australia 5007

LE, Mr Vinh Van, Family Support Worker, Vietnamese Community in South Australia, 649 Port Road, Woodville, South Australia 5011

LOCKYER-SCRUTTON, Ms Pamela Ruth, Chief Executive Officer, Multicultural Child Care Unit, 3 Ninth Street, Bowden, South Australia 5007

TRAN, Mrs Chau, Child Care Services Program Officer, Multicultural Child Care Unit, 3 Ninth Street, Bowden, South Australia 5007

CHAIR—I welcome representatives from the National Association of Community Based Children's Services, South Australia, the South Australian Association of Community Based Child Care Centres, the Association of Child Care Centres of South Australia and the Multicultural Child Care Unit. I now invite you to make a short opening statement summarising your views on the issues. This should not be a repeat of your formal submissions, copies of which are before the committee. At the conclusion of your remarks I will invite members of the committee to put questions to you.

Ms Geisler—Mr Chairman and senators on the panel, we wish to thank you for the opportunity to speak today. The NACBCS—the National Association of Community Based Children’s Services—and NACBCS SA have a commitment to the retention of community owned child care services that are affordable and accessible for all families. We believe that the child care cuts which have been imposed on services and families have taken us back 30 years in time. We hold grave concerns over the effects that this is having on families, children and the broader community. The children’s services program was originally established to enable parents to participate in the work force and ensure the provision of quality affordable child care for all families who required it. The handbook states that the Commonwealth funds children’s services ‘to assist families with dependent children to participate in the work force and the general community by ensuring that child care is affordable for low- and middle-income families and by improving the supply and quality of child care’.

The federal government, by implementing these funding cuts, seem to have lost sight of their main objectives in funding this program. The reality is that child care is no longer affordable. The reality is that supply is no longer an issue due to underutilisation of services across this country. The reality is that quality has been eroded in services due to the funding cuts. The reality is that the provision of child care does not assist families to participate in the work force if they can no longer afford it. Families have little or no choice as the cost factor is now the determining factor in regard to child care arrangements for their children.

Affordability, supply and quality are the three main objectives of the children’s services program. NACBCS SA hold a strong belief that all families have a right to access affordable quality formal child care, and that the federal government have a responsibility to Australian families in regard to ensuring this. We thank the Australian Senate for establishing this inquiry and we hope that the findings from this inquiry will be released to the public in the near future. NACBCS SA believe that the results of this inquiry could have a huge impact on the funding of child care services in the future. We believe that the federal government needs to address all issues raised if the children’s services program is to remain and formal child care is to continue to be a viable option for families into the year 2000 and beyond.

Ms Chernoff—We are sharing our statement.

Ms Heath—Members of the Senate inquiry, good morning. I am the director of two community based child care centres which recently, due to ongoing hardship suffered due to the federal budget cuts, have had to amalgamate. The impact of the budget cuts has been far reaching and continues to affect child care centres in South Australia. The concerns our association hears from our members are as follows: the continual decline in the quality of care being offered in centre due to the increase in child-staff ratios and the dramatic drop in utilisation being experienced by most centres of parents struggling to afford increased child care fees. Parents are reconsidering having a second child while the first is at child care. Smaller centres are having no option but to amalgamate with larger, stronger centres, raising the question of how viable are stand-alone centres as ongoing interests.

Families are being forced to use unlicensed, informal care for one day a week or more as a means of avoiding the 50-hour cap of Childcare Assistance. Staff are facing job insecurity due to ongoing restructuring of centres. The 50-hour cap is affecting multiple birth families

and special-needs children who do not come under the guidelines but need more than one day in care. Parents are caused anxiety about the future viability of child care as centres continue to close in South Australia.

Most families are placing their children in formalised care as well as using family members—that is, grandparents—to care for the children, placing extreme pressure on family relations. For my centre, a 50-place service in the suburb of Hillbank which adjoins Elizabeth East, a low socioeconomical area, we have recently had little option but to amalgamate with Munno Para Child Care Centre to ensure both centres' ongoing viability. Munno Para was facing immediate closure if the amalgamation had not gone ahead. Munno Para is, again, in a low socioeconomical area where many children who are attending care come from single parent families and have high needs. The child care services in these areas are vital to the community and must remain open at any cost.

As a sector we are facing many impossible hurdles to jump. No longer can we look upon the community based centres as non-profit enterprises but as businesses that hopefully can break even. Quality care is now being undermined by this federal government which seems to have a hidden agenda.

CHAIR—Ms Brozel, do you have anything to add?

Ms Brozel—Similarly we are sharing.

Ms Atkinson—Thank you for giving us this opportunity to talk to the Senate inquiry. I will just give you a bit of information about the association. We represent 40 per cent of private child care in this state. We are also part of the Australian Federation of Child Care Associations, which is the peak body for private child care nationally. As just a bit of context statement, nationally private child care actually provides 73 per cent of child care for families. In this state we provide just over half of the child care—

CHAIR—Centres or places?

Ms Atkinson—Centres, sorry. We have just over half the number of centres in this state. It is our belief that over the past 18 months there has been a great deal of misinformation about child care which has been promoted through the media, the result of which has served to confuse parents and undermine consumer confidence. Sadly, both at this hearing and in the media, we are seeing this as a community based child care service versus private, and we do not think that is in anybody's interest because it clouds the real issues. We believe there is a place for both community based and private child care-type services.

Mainly the misinformation has been about centres being forced to increase fees between \$15 to \$30 a week and the quality of care going down. The fact is that private child care services nationally have had an average increase of fees of \$1 a week over the last 18 months. Private child care has not increased its fees and we do not believe that our quality has been diminished or reduced. Those facts are backed up by the National Accreditation Council statistics and also by the 73 per cent of parents who choose to use private child care services.

However, parents are still paying more for child care now than they were 18 months ago, regardless of whether our fees have gone up or not. There are many reasons for that and—this is what I fear—those issues are being lost in the community and private sector debate. A lot of the budget measures that have been implemented over the last two budgets have seen child care subsidies for low income families diminished, and therefore parents are paying a greater gap fee for the child care that they need. Unfortunately, most of these measures have affected mostly the lowest income families because they are the most dependent on Childcare Assistance.

We brought one parent with us today to tell you exactly how this has impacted upon her. She did that this morning. If you wish to question her further, she is quite happy to talk to you. Parents have had so much change also over the last two years that some of them are not bothering to look for child care. It is just too hard. Furthermore, if we are to believe that the women's retention rate in the work force is the same now as it was, then we need to look at where all the children are going because there is a critically low utilisation of child care, both private and community based, in this state. Most centres are operating at well below a viable rate at this stage, so the children must be going somewhere.

I think more to fear than parents opting out of the work force and caring for their own children is what protection those children are having if they are being placed in some informal care arrangements where there is no regulation and no checks on child safety or protection. I will leave it there and I will be quite happy to answer questions from our submission.

Ms Lockyer-Scrutton—Good morning, Mr Chairperson and Senators. Thank you very much for the opportunity to speak today. The Multicultural Child Care Unit of South Australia is a Commonwealth funded organisation which has been in existence since 1986. It is a peak children's services organisation in South Australia, which advocates and works with families, children, and communities of diverse cultural and linguistic backgrounds to improve access and participation into child care. The MCCU also provides resources, advice and training to child care centres to assist them in providing a more accessible and equitable service to our diverse population.

There are a number of issues I wish to highlight today, and four witnesses will speak more specifically about those topics briefly. The witnesses may require some support from MCCU staff when speaking and answering questions. The issues I speak of relate to the cost of child care, the lack of choice in child care, the lack of information provision about child care, child protection concerns, lack of industry participation, the abolition of block funding to vacation care, and issues surrounding the experiences of migrant sole parents, including the \$30 disallowance policy.

First, I will deal with the high cost of child care and the lack of choice of child care. The need to travel for migrants outside their local area because services have closed is often not an option for migrants, as they are unfamiliar with many of our systems, especially transport systems and our environment. Thu Huynh will speak further on this as a witness in her involvement in an Asian project of research. Thu is behind me. She has a brief statement but we can pick up on that at the end if you wish.

The lack of information provision to migrant communities about child care, the constant policy changes, and complexity of the system, make it near impossible for many migrants to access and participate effectively in the child care system. Is the federal government taking the responsibility to inform migrant parents about these changes? Our experience in speaking with communities through MCCU's community development projects indicates that migrants are very confused about the child care system. Many migrants have spoken to us and said that child care is too difficult to understand and gain access to, so they do not really want to even try any further.

Family and Community Services data indicates that people from diverse linguistic and cultural backgrounds are underrepresented in child abuse and neglect statistics, but FACS cannot say for certain whether this means there is less incidence of abuse in communities or fewer cases reported through their reporting mechanisms. However, we know from our community contacts that child protection and neglect are a big concern for many of our communities. Vinh Le, next to me, will speak further on the topic as a witness.

The next issue relates to the child care industry participation and, may I add, this information has come directly from our contacts with services both private and community based. If the child care industry is to speak of high quality care, then opportunities for staff of child care services to participate in industry forums, meetings, and training are vital. The staffing of child care services is at a bare minimum. Releasing staff for professional development and representation on community management positions within the industry is difficult due to the expense of replacing that staff member. This means that wide perspectives from child care staff are not always present at important forums and meetings.

Without opportunities for varying perspectives to be represented from the field and sufficient training and resourcing opportunities the quality of child care could be jeopardised and left open only to those who can financially manage representation. The impact results in the loss of industry perspectives which are vital food for our improvement. We need this diversity to understand the differing needs of our clients, and how we can best meet them through maintenance of high quality child care. Child care is at risk of becoming inflexible and stagnant. Chau Tran, who is seated behind me, will also speak about the negative impact of the abolition of block funding for vacation care in her community. Adriana Beltrame, to my left, will speak about her experiences as a child care director who operated a service in one of the most disadvantaged areas of Adelaide. She speaks about sole parents and the \$30 disallowance policy. I will leave you now to listen to the witnesses' accounts.

Ms Huynh—I work at the Multicultural Child Care Unit as the project officer of the Asian project, which was carried out over a period of 18 months. My statement relates to the cost of child care. During my contact with parents of the Vietnamese, Chinese, and Cambodian communities, I received feedback as to why they are not using child care—'Because the cost is too expensive and we cannot afford it.'

Mr Le—I am working as a family support worker for the Vietnamese community in South Australia under the program in the northern suburbs outreach services. My role is to work with the families in the further north suburbs of Adelaide. The issue I would like to raise is the child protection issue. Due to the increase of the Vietnamese population in those areas, the unavailability of services in the child care services, particularly in this area or this

particular community, could lead to families' children being put into the harm and risk situation.

Mrs Tran—I am working with the Multicultural Child Care Unit as the Child Care Services Program Officer. I am making a statement about abolition of the block funding for vacation care programs. In the Vietnamese community, for parents who are able to access Woodville vacation care during school holidays it is a unique vacation care program which provides cultural and linguistic support care and is also economic. This term we were told that the vacation care will be ending. The Vietnamese parents are at a loss now. We feel let down, disappointed and have no idea of what will happen to our children next term.

Ms Beltrame—I am the Regional Manager for the Multicultural Child Care Unit. For a period of approximately five years up until 1997 I was the director of the Athol Park Child Care Centre for the Wesley Uniting Mission here in Adelaide. Athol Park Child Care is situated in The Parks area of Adelaide and, according to the 1996 Social Health Atlas, it is the most socially disadvantaged area in Adelaide. Most of the parents attending the centre were living on the poverty line, even though they may have been working. Many were single parents working or studying, and the centre parent profile constantly kept about a 30 per cent composition of parents from non-English speaking backgrounds, or culturally and linguistically diverse backgrounds, as we prefer to say.

The Athol Park Child Care Centre had one of the most affordable fee structures in this state, and it was for this reason that many single parents found it worth working versus staying home and being on a pension. Since the coalition government brought down their first budget in September 1996 many changes have been made to child care that have been very difficult for centres and parents to not only adapt to but to understand. Parents from cultural and linguistic backgrounds have just as much right as anyone else to understand their entitlements and how they can access them. The many changes that came hard and fast left me battling to explain exactly how and why the changes came about and what effect it would have on the parents, and why there were extra costs.

In particular I would like to highlight three of what I found to be the most severe changes that had huge effects on the population of The Parks area. The first one is the abolition of the operational subsidy to the community sector. As I mentioned just a moment ago, Athol Park Child Care Centre's fees were one of the most affordable in the state, and I would like to contradict the statement that you made earlier on, Senator Payne, because my centre—as did many others—offered the saving when there was a change made to the ceiling for Childcare Assistance. Many times parents' fees were made up to about \$5 to \$7 a week lower. The procedure in this state is that child care centres received a letter indicating this, saying that this saving had to be passed on to the parents. To the best of my ability I think that this happened widely. It certainly happened in the centre that I was in.

What happened at my centre was that the fees had to rise to equivalent amounts of what other centres were charging, whether they be community based or private. Many parents working in factories, earning the very low incomes that they were, felt these fee increases heavily. A \$20 or \$15 a week increase is felt very heavily when you only have about \$80 to \$100 a week of disposable income after you have paid for your rent and things like that. Also affecting parents was the limit to the Childcare Assistance payments for 50 hours a

week for full-time care. What we see here are centres being open for up to 60 to 62 hours a week providing care for the whole range of parents that need it.

Many parents from culturally diverse backgrounds work in factories and need the care early in the morning. They need the care at 6.30. They must be at work by 7 o'clock. At the same time there are many parents in an office position and working in shops and offices that need the care later in the day. What I see happening is that the cost of early morning care needs to be covered by spreading the cost out over the whole day. The point I wish to make is that people needing the care in the early hours of the morning, when the centre is making a loss, cannot afford to pay the full cost of that care. They are the least able to do that.

That is why, when centres were able to distribute the cost of providing the early morning and late afternoon care over the whole day so everybody paid a small amount, it was much more equitable to all. The paperwork required to access over 50 hours a week of care is phenomenal, and parents actually have to fill in a declaration that keeps tabs on their whereabouts in the morning, on the way to work, and who picks the child up. It is a gross invasion of their privacy.

Senator NEAL—Can we have a copy of that, if you have it? Not now, but when you are able to.

Ms Beltrame—A copy of what, sorry?

Senator NEAL—The application that parents have to fill in for the over 50 hours.

Ms Beltrame—Yes.

CHAIR—We will receive that later. Perhaps if the witness could finish.

Ms Beltrame—Once you have sighted that, you will understand how much more difficult it is to fill in such paperwork when English is your second language, and you actually become dependent on centre staff or Centrelink to be able to help you do this. It is a gross invasion of these people's privacy and very, very threatening. In the past—you have to understand that in this state there are children who need being cared for for more than 50 hours a week—there was a practice of reporting that to the body which regulates child care and licences in this state.

So parents are linking that to kind of a reporting mechanism of perhaps being a negligent parent. That is the feedback I was getting from parents; that they were not prepared to do that. What was happening was that parents were withdrawing their children and having them at child care for only four days a week, so that they could receive up to the 50 hours minimum, and were placing those children in alternative forms of care, of which many were not as suitable as the child care arrangement.

Lastly, I would like to point out the disallowance of the \$30 subsidy. Previously what happened was that the parents' income was determined on their gross weekly amount, plus they were able to take away from that amount \$30 per dependent child. I have an example of a parent in my centre who felt the weight of these three changes all at once. For a start they

had a child at school and they had three children in the child care centre. They had a four-year-old child and twins that were 2½.

What happened at our centre was that the fees had to go up after the abolition of the operational subsidy. As well as that we had to charge for an extra half a session a week for full-time care because of the 50-hour limit, and then above all of that this parent was further disadvantaged by losing that \$30 disallowable subsidy for those other children, which when their income was means-tested, appeared that they were earning that amount more. So this parent went from being on the highest fee relief down to the mid-range. For that parent it simply was not worth working any more.

I had countless anecdotal examples of parents coming to me, after doing their sums, and saying, 'It's really not worth me working any more. I have to try to maintain a car to go to work. I'm better off selling my car and staying at home and going on the pension.' To me there is something grossly wrong with the system when parents are starting to say that. My experience with single migrant women is that they want to work. They understand that if they stay out of the labour force for 10 years there is very little chance that they will get back.

CHAIR—Thank you, Ms Beltrame. We will now go to questions.

Senator O'BRIEN—I wanted to ask particularly the community based sector, if I can describe it broadly, about the issue of the assets that have been funded, at least in part, by the Commonwealth that have been established. What happens to those assets if a centre closes because of withdrawal of parents, lack of demand because of higher fees or whatever? Have you got any experiences of that which you can advise the committee on?

Ms Chernoff—Yes, I can answer that. If it is a community based service that does not have a sponsor and is just with a management committee, the assets of the building stay with the state generally, in this state, because of the land being provided by the state government. The actual equipment is generally sold off by the liquidator to other services, obviously, and becomes part of the capital for finalising the business.

Senator O'BRIEN—I am just concerned that if we are looking at this particular point in time and we see centres closing, and there are effective public amenities that are disappearing, is there any certainty that those assets can reappear or re-emerge from whatever they have been converted to if funding arrangements change and demand picks up.

Ms Chernoff—In this state we have been fairly lucky. We have not suffered too many closures. In the early days there were a few closures and there are a few community based child care centres sitting empty and non-used at the moment. My understanding is that they are offered up for reopening across the board broadly. But what is occurring now, instead of the closures, is that services are amalgamating—or the other word for that would be takeovers—if they were not financially viable. They might close on a Friday evening under one management committee and reopen the following Monday under another management committee. The service to the community has not stopped.

Senator O'BRIEN—We had some evidence about that happening in Melbourne. It was alleged that what happened in some of those circumstances was that some of the employees of the first management committee missed out on accumulated entitlements. Is there an experience that you can relate to us of the same nature that has applied in South Australia?

Ms Geisler—Are you talking about in an amalgamated service?

Senator O'BRIEN—No; I am talking about where you say one service closed on Friday night and the committee wound up and a new committee was formed Sunday night for Monday.

Ms Geisler—I do not believe that to be the case in this state.

Senator O'BRIEN—That is good. I am also interested in some information on what happened when the private sector users had access to the fee-relief system. There was some evidence we received in New South Wales which indicated that at least some providers increased their fees at the time that fee relief became available. Is that the experience in South Australia?

Ms Atkinson—Yes, that is the experience, but there are a number of reasons for that. One is the additional administrative costs to services in administering the Childcare Assistance records, and in most services—and certainly in my services—I had to employ an extra one full-time clerical person to do that. So there was a significant increase in costs in just administering Childcare Assistance.

Senator O'BRIEN—How do private centre sector fees relate to community based sector fees in South Australia?

Ms Atkinson—In this state?

Senator O'BRIEN—Yes.

Ms Atkinson—In this state private child care fees have actually been marginally lower than community based; however, not significantly so. They have been basically comparable.

Senator O'BRIEN—Is that the case now or have there been recent increases that have changed that relationship?

Ms Atkinson—I can only talk for the private sector, because in the community sector different services have done different things. But in the private sector, as I said, in South Australia the fees have not increased in the last 18 months.

Ms Geisler—As to the average fee across the community child care sector, the last actual evidence I have was \$176 per week. That was the community child care sector in this state.

Senator O'BRIEN—That is for five long-day days of care? Is it common for community based centres to load their rates for part days or parts of weeks?

Ms Geisler—Some centres have instigated that, but generally I do not think that is the trend across the entire sector.

Ms Chernoff—That was one of the things the services did look at when the 50-hour cap came in, to help the full-time families not have to pay so much extra money. But not that many services have probably implemented that.

Senator O'BRIEN—What about the private sector?

Ms Atkinson—Different services charge differently. The average fee for private child care for full-time care is \$165 a week, and some services charge a flat rate, per day, pro rata of that. Others load the days. It is the same thing. When the 50 hours came in some services took up that option.

Senator O'BRIEN—So a gap has appeared on average of about \$11 where it was fairly close before the withdrawal of the operational subsidy. I have been wondering—and I guess I will wonder out loud at this stage—was the operational subsidy effectively a reason for private sector centres to cap their fees to remain competitive?

Ms Atkinson—Sorry, could you just say that again?

Senator O'BRIEN—Let me put it another way. With the community based sectors receiving the operational subsidy, and therefore factoring that into their level of fees, did that have the effect of capping private sector fees at a lower rate?

Ms Atkinson—I am really not sure why private—I am not sure—

Senator O'BRIEN—For competitive reasons. I think there are a lot of factors that could apply if utilisation is matched to the supply, or if close to that, then there is not much real competition and people fit into the places. But if there is an oversupply of places you have got to be competitive on price.

Ms Atkinson—I think there has not been an oversupply in South Australia until very, very recently. We are different from the eastern states, significantly. I am not sure whether it has capped private child care fees. I do not think we ring around community centres and find out what their fees are to set our fees. We set our fees and we have parents involved in that as well, in our parent committees, so I do not think that that is a significant factor.

Senator O'BRIEN—The reason I am interested in whether there is a relationship is that the implication from the earlier evidence was that private centre fees rose for perhaps a number of reasons when access to fee relief was available to accredited private centres. Now there is a withdrawal of the operational subsidy and the gap has appeared, but that gap appears now when there is a reduction in demand because of all of what I would characterise as the rising costs occasioned by legislative changes. I am just wondering: if demand comes back to supply, will that have the effect of driving the private sector rates back up to closer to what the community sector is charging?

Ms Atkinson—It has not happened at this stage, has it?

Senator O'BRIEN—No. It is the demand factor now, isn't it?

Ms Atkinson—So I guess the indication is, no, that it will not. I am sure private centres will increase their fees because we have got increased superannuation costs—and there is a whole range of reasons—but at this stage it has not happened. I do not see that we are going to be linking it. The cost of care is the cost of care whether you are in a private centre or a community based centre.

Senator PAYNE—If I could just follow on, Ms Atkinson, with a question relating to both your evidence and to your submission concerning negative media coverage on predicted increased costs and dropping quality of care. What we found in evidence given in New South Wales in particular was that operators of private centres found that users and people were coming into them and saying, 'When are your fees going to go up?' They were assuming by the generalisations associated with media coverage that it was applying to all providers. Is that your experience in South Australia?

Ms Atkinson—That is our experience. Every time there is something in the paper, and particularly like last week when there was something on *A Current Affair*, we had many parents coming in the next day and saying, 'How is this going to affect us?' when in fact it was not going to affect them at all. We are telling parents that it is going to affect notionally a small number of services but it will not affect them.

Senator PAYNE—Have your members, Ms Atkinson, as a group, had to adjust their advertising or their promotions in any way to deal with that problem? Do you have any evidence of that? If you do not have any, could find some and give it to the committee.

Mr Baker—In some of our advertising, our members have used the catchphrase 'high quality child care at affordable prices' to get away from that. When it is in the media the media say, 'Child care is going up from \$170 a week to \$180.' In reality what they should be saying is the gap fee that the parents are paying may be increasing because of government changes. But in reality in my two centres there is only two or three families that would pay the full fee without Childcare Assistance. That is evidence—some of our centres are using that catchphrase to advertise their centres.

Senator PAYNE—In relation to the evidence given by Ms Beltrame on the 50-hour cap, you acknowledge that if people are genuinely in need of more than 50 hours of child care per week then that is available. Did you say that in your evidence?

Ms Beltrame—I said that there is quite a comprehensive amount of paperwork that needs to be filled in. Firstly, it is very threatening. It actually outlines the parent's actions almost minute by minute from early in the morning to late in the evening. For example, if the parents need to catch public transport or they are reliant on a lift or reliant on other people picking their children up, this all has to be fully documented, and it is very confusing to parents with non-English speaking backgrounds. It means they cannot fill these forms in by themselves. They become dependent on other people. It disempowers them. They do not have the power to make the choice themselves. In the end parents are deciding not to do it, even though they are eligible for it. I have examples of parents who have declined to do it, even though they may have been eligible.

Senator PAYNE—I am not sure to whom this question is best directed. It may be to, Ms Lockyer-Scrutton. How many people does that affect in your area? Or even as a percentage of your clients, how many does that affect?

Ms Lockyer-Scrutton—We would not be able to quote an exact number for you.

Senator PAYNE—Is it a large number, a small number or a medium number?

Ms Lockyer-Scrutton—It depends on your definition of a large number, small number, or medium number, I suppose. There have been a number of people—I would say probably 20 we could estimate at this stage.

Senator PAYNE—So there is an administrative requirement from the Commonwealth to obtain care in excess of 50 hours. It seems to me that you are then suggesting that the Commonwealth exercises no administrative control at all over the money that the taxpayers contribute for Childcare Assistance?

Ms Beltrame—I am not saying that at all. I have simply made a statement—

Senator PAYNE—That is the impression I am left with from your evidence.

Ms Beltrame—I am saying that the system in place at the moment has some serious flaws when parents who are eligible for it are not accessing it. The reasons they give me are, firstly, 'It is too complicated,' and, secondly, 'It is a breach of my privacy' and I am talking about the moment-by-moment whereabouts of, 'Which bus you are catching and where from? Who are the people picking your children up? Who gives you a lift home from work to pick up your children? Is there anyone else that can give you a lift home that might be there half an hour earlier?' and this type of thing. All I am saying is the system in place at the moment is not working, and that is quite clear because parents that are eligible for it are not accessing it. They just cannot be bothered.

Senator PAYNE—I take those concerns on board. I understand that you are referring to your particular clientele. But, in general, parents who require in excess of 50 hours care are able to access that care. Is that your understanding?

Ms Beltrame—My understanding is the system is so difficult that they are not accessing it.

Senator PAYNE—But they are able to?

Ms Beltrame—No. If it is so difficult and if there is a barrier, surely that means that they are not able to access it.

Senator PAYNE—In relation to the submission of NACBCS South Australia, you say that the survey conducted by the South Australian Child Care Coalition states that about 24.4 per cent of families noticed a decline in the quality of care. Do you have any empirical as opposed to anecdotal evidence whether the alleged decline in quality of care brings services below the requirements of state and federal regulations?

Ms Chernoff—Our belief is that it does not bring them down below the state requirements or accreditation requirements. Certainly there have been comments from families stating that they have noticed that there have been changes in child care services, and that may be a difference in child staff ratios, it may be a difference in not providing a nappy service, and they now have to pay additional money for a nappy service. It might be they need to supply food because they no longer have a cook. It would be those sorts of services that they are referring to.

Senator PAYNE—You also note in your submission that families are ‘inconvenienced’ by the introduction of the 50-hour cap for work related care. In your experience, is it the case that families that genuinely require more than 50 hours child care a week do have access to that?

Ms Geisler—I do not think it is a matter of access. I think the whole implementation of this 50-hour Childcare Assistance cap by the federal government shows no understanding of how people actually use child care. Judy Atkinson and Adriana were mentioning before about centres that are open for 12 hours. Centres set their operational hours based on the needs of families within the local community. Many centres are open 12 hours. That way they can cater for a wide range of working families within that. The introduction of the 50-hour Childcare Assistance cap actually increased a fee for a family on the lowest income on the maximum Childcare Assistance by \$25 a week.

Unless a centre was able to somehow absorb that or change the total way of charging their fees, if a family on the lowest income receiving the maximum amount of Childcare Assistance were to use full-time child care within a formal child care setting, their fee increase, just because of the introduction of the 50-hour cap, would be \$25 a week.

Senator PAYNE—What percentage of families using community based centres in South Australia use more than 50 hours child care a week?

Ms Geisler—I do not know that percentage. I could not tell you that percentage.

Senator PAYNE—Can you find that out for me?

Ms Geisler—But what I would say to you is that the—

Senator PAYNE—Can you find that out for me?

Ms Geisler—I suppose.

Ms Chernoff—We may be able to get that information from our state branch of HFS.

Ms Geisler—I think the dilemma in it all is that the 50-hour Childcare Assistance cap has actually ensured that families no longer use full-time care because it is completely unaffordable, so what they are doing is basically using more part-time care. All the families within our service who use full-time care, bar two families, reduced back to four days a week so they did not have to pay the difference.

Ms Atkinson—Can I make a comment on the 50 hours. If services charge parents for the hours, whether they are less than 10 hours a day, less than 50 hours a week, the parents would still be paying more. They would be paying a higher hourly fee. The government would not be increasing the subsidy to cater for that, so it is not really to do with how many parents use more than 50 hours. We can charge parents less than 50 hours for full-time care, but they will still be paying more.

Senator PAYNE—That would reduce out-of-pocket expenses for those parents, or do you say it would not reduce out-of-pocket expenses for those parents.

Ms Atkinson—No, it would not reduce anything for parents.

Senator PAYNE—What I would be interested to know from everybody at the table today, if it is possible for you to provide it, is what percentage of your clients use more than 50 hours per week. My understanding of the experience—

CHAIR—Senator Payne, the department has a submission in, and it identifies a number of parents who use centres for more than 50 hours a week. That question, if you want accurate empirical advice, might be best directed to the department on notice. They have three of their representatives here to provide that information on a state by state basis.

Senator PAYNE—Mr Chairman, the evidence that we are being given is that this is an important part of government policy, which is having a fundamental impact on the organisations run by the people who are presenting here today. I am interested in the facts—the empirical facts, not the anecdotal evidence—from those organisations to prove that point.

CHAIR—I think you are right, Senator Payne. That is why I am suggesting the question might be better directed to the department, which have that information. If they provide it to us on a state by state basis we have the exact answer to the issue you have identified as critical.

Senator PAYNE—The department have provided, as you have said, in their submission evidence on this point, but it seems to me to run counter to the evidence that has been given to the committee, and that is why I am interested in empirical evidence from the people who are presenting it to the committee.

CHAIR—Yes. If any of the witnesses have that information, we would be interested in receiving it. If not, so be it, and we will ask the question to the department in due course.

Senator NEAL—Just before I go on to direct questions, I appreciate receiving this document that was tabled earlier, which related to the policy on 50 hours. If you do not have it, it does not matter, we can get it from the department later. I was seeking a copy of the actual application form that parents completed for the 50 hours. If you have it here, we would gratefully receive it. If not, we will get it later on.

Ms Beltrame—I do not have it here, no. It is about a 10-page document.

Senator NEAL—We will get it from the department. That is all right. It is just useful when you are asking questions, that's all. I just might read a small portion of the department's submission in relation to the setting of fees. I might ask Ms Geisler about it first, and then maybe put it to the association. It says:

In order to ensure that the government's child-care program remains sustainable in the longer term, it is not feasible nor appropriate for government assistance to keep pace with child care fee increases which are driven by market forces.

Do you have any comment on that statement?

Ms Geisler—I think one of the dilemmas is that because there has been a freeze on Childcare Assistance that the Childcare Assistance ceiling has not increased as child care fees have. Child care fees, as we have all talked about, actually reflect the actual cost of care. I just think that by the government capping that Childcare Assistance freeze, what they are continually doing is increasing the gap between the fee parents pay and the actual cost of care. So, constantly, it is the lower and middle income earners who are most affected by that.

Senator NEAL—Do your members set their fees according to market forces?

Ms Geisler—No; our members set their fees according to costs. Community child care centres are working on break-even budgets. They are non-profit. Basically they are looking at income and expenditure, and then at the end it is a break-even budget. So it is based purely on the costs to provide a quality child care service.

Senator NEAL—What will happen to parents if, as this document states, Childcare Assistance does not keep pace with increases in fees?

Ms Geisler—I would suggest that the impact for families would be that there will be continual increases in child care fees, so parents will have limited choice about what they do in regard to child care. I think access to formal child care will reduce and diminish.

Ms Brozel—Can I also make some comments in regard to that. I think that as the gap widens between the Childcare Assistance paid to parents—and I do not necessarily see that centre fees will continue to increase, but that the gap will widen for families—families will look at making other choices about care for their children, and not necessarily regulated choices for their children. They may not access centre based care, they may not access family day care, but they will access more informal care and increase the mix between formal and informal care.

That is certainly the anecdotal evidence that we are seeing, but the recent evidence we are seeing from our members in regard to how families are using care is that they are relying more on grandparents and other relatives in the family, and increasing that mix. So they are taking on sometimes more than one day a week, two days a week with informal care, and then using one or two days a week with formal care. So, as that gap widens, formal care is becoming less affordable for them and they are moving into informal care.

Senator NEAL—Does the association want to comment? Do you want me to read it again?

Ms Atkinson—Can you just tell me the original question, please?

Senator NEAL—This was a sentence out of the department's submission stating the government's position. It says:

In order to ensure that the government's child-care program remains sustainable in the longer term, it is not feasible nor appropriate for government assistance to keep pace with child care fee increases which are driven by market forces.

Ms Atkinson—I think if child care fees were driven by market forces, nationally we would have probably all fees roughly the same; market forces would dictate that. We have services in our association charging \$140 a week to \$170 a week. As I said, the average is \$165. I think services set their fees. They work out how they can provide that service. It is the nature of the service, and what types of services and extra programs they are providing for the children. I do not think that people set their fees on indexation of Childcare Assistance.

Sometimes centres hold back fee increases that they have had imposed due to work super, WorkCover costs or wage increases, to align with fee increases or increases to Childcare Assistance to help parents offset that cost, but I certainly reject the notion of, 'Well, there's going to be an indexation, we'll just whack a fee increase on.' Services are usually very responsible in the way they set their fees.

Senator NEAL—What do you think the effect would be on parents if Childcare Assistance does not keep pace with the increased cost of child care?

Ms Atkinson—It is going to increase the gap between those who can afford formal accredited child care and those who cannot. And, as stated, if women are opting out of the work force, where are all the children going from the services? Because we have services critically underutilised across the board, except for a few isolated cases, the children must be going somewhere, and I think that that is a greater fear, that children may be being placed in situations where they are unprotected. There is no way any government can check on safety of homes. There is a huge child protection issue.

Senator NEAL—Did you want to make a comment on that statement?

Ms Beltrame—Yes. I think Mr Le has already given some evidence in his brief statement, but we also have that anecdotal evidence to suggest that children have been put in quite unsatisfactory care arrangements, perhaps with grandparents. Most grandparents have more than one grandchild, and you have some aged people looking after a number of children through the day and after school. I have cases of older siblings taking days home from school or from uni or whatever to look after other children. This is quite common, and so are, we believe, some of the practices of children being kept home alone.

Senator NEAL—Some of the private centres in other areas of Australia have told us they have seen a fairly dramatic drop in utilisation—I think the range quoted was 20 to 30 per cent. Have you found that here in South Australia as well?

Mr Baker—When we did our survey for the submission, we found that there was a very high percentage of centres in South Australia that are underutilised. It is an exception to the rule. If a centre has got a 20 per cent vacancy rate, that is an exception. Most of them experience between 30 to 40 per cent vacancy rate.

Senator NEAL—And are you finding that many of your private centres are less financially viable now than they were two years ago?

Ms Atkinson—They are certainly financially stressed, and we are not saying that that is not the case. What service operators are saying to us is that they are working longer. Some of them are not even taking wages, but just putting in that time and, besides working in the service all day, they will be coming in and doing the lawn-mowing and all the other things that they were able to have other people do.

Senator NEAL—What you are saying is that the owners of the child care centres are putting in a lot more time and sometimes replacing what was previously done by paid staff?

Mr Baker—Yes, that is correct.

Ms Atkinson—Exactly.

Senator KNOWLES—Ms Atkinson, I would like to come back to your evidence that you provided earlier on. You said, I think, that private centres provide 70 per cent of the care.

Ms Atkinson—Seventy-three per cent nationally, but in this state just over 50 per cent.

Senator KNOWLES—I am interested in the quality aspect that you are talking about. Is there any difference in quality between the private and community centres?

Ms Atkinson—We do not believe there is, no, and I do not think the families that use our service believe there is.

Senator KNOWLES—I have figures here to suggest that a number of private centres provide 136,600 places vis-a-vis 46,000, but the number of families that are serviced by the private centre is 202,000 as opposed to 71,000, so presumably people are voting with their feet and going to the private centres. Is the same accreditation used for those two streams?

Ms Atkinson—We have completely the same accreditation system nationally for all services.

Senator KNOWLES—Therefore you have the operational subsidy never having been paid to the private centres?

Ms Atkinson—That is correct. We have never received it.

Senator KNOWLES—Yet the private centres have only increased their fees by, I think you said, \$1 on average?

Ms Atkinson—Yes.

Senator KNOWLES—Why do you think that is?

Ms Atkinson—We have increased our fees by only \$1. Perhaps we need to increase them more, but we cannot do that. As I said, operators are doing a lot more of the work themselves. If you have never had the subsidy, you do not have to manage without it. It is the way private services are operated.

Senator KNOWLES—I noticed also in the figures that have been provided that 96,000 low-income families receive the maximum Childcare Assistance in the private centres versus 28,000 in the community centres. Why do you think there is such a lean towards the private centres as opposed to the community centres?

Ms Atkinson—I think simply there are more private centres. Private centres are larger, so they have more families.

Senator KNOWLES—But in South Australia I am led to believe that the balance is slightly different. Is that right?

Ms Atkinson—In the number of centres, but still private centres in South Australia are larger. They have a larger number of children.

Senator KNOWLES—I noticed that you are saying that the services to the community have not actually stopped; therefore, the amalgamations have basically taken place and the number of places is still basically the same.

Ms Atkinson—No. Some community centres have closed altogether and some have amalgamated, so there have been less community places. I do not want to be in the situation to argue for or against community services. I believe private services provide high quality child care. Certainly the members of our association are committed to that. I believe we do provide it at affordable costs. I believe that we have been caught up in misleading media information and that it has affected our consumer confidence. That is not the only effect of the declining utilisation, though; government measures have also impacted.

Senator KNOWLES—I think there are a lot of parents who obviously agree with you, in terms of the balance, that the private centres are in fact providing a very high quality service. I just wanted to make the point that obviously we have the same accreditation system working with both. Yet one has never been paid the operational subsidy and the other has, and even prior to the abolition of the operational subsidy, people were still utilising the private centres more than they were the community based centres. Mr Chairman, I table the document which Senator Neal indicated was not seasonally adjusted.

CHAIR—We will receive that as evidence. Where is it from, Senator Knowles?

Senator KNOWLES—The ABS.

CHAIR—No; who has prepared the table?

Senator KNOWLES—The department.

CHAIR—The department has prepared the table?

Senator KNOWLES—The ABS.

CHAIR—We will receive it subject to examination of the department on the same basis all other material that comes—

Senator KNOWLES—But it has been provided by the department. You cannot ask them to examine it.

CHAIR—We might have to, Senator Knowles. You asked if it has been received. It has been received subject to that examination.

Senator KNOWLES—I table the document.

CHAIR—Senator Knowles, you have provided it. We have not been able to ask the question of the department whether they prepared it and on what basis it was prepared. We are going to receive it on that basis.

Senator PAYNE—I have a copy of the application form that parents who wish to claim more than 50 hours of Childcare Assistance per week are required to complete. I understand that in Ms Beltrame's evidence before she indicated that certain of her clients from NESB backgrounds have difficulty with that. But my viewing of this form indicates that the Commonwealth requires information of the hours of paid work per day and the travel time between work and child care, the hours of study training or looking for work, and the travel time from the parent, plus the employer's name, the name of the study or course or institution training, whether you are registered as looking for work, and what exceptional circumstances prevail. You indicated to me that this form required a minute by minute—and they are your words, not mine—examination of parents' involvement. Where is it that it requires a minute by minute examination?

Ms Beltrame—If I can give you an example: I had a family in my child care centre with two children attending. There was only one car in that family and the child care centre was situated halfway between home and the first place of work; the second parent worked in the city. The first parent had an early morning shift, worked at a local factory, and finished work at 3 o'clock in the afternoon. The other parent with the car did not finish work until about 5.30. So here are the two children who were previously in the centre early in the morning until late afternoon.

When that paperwork came into force and I asked the parents to fill that paperwork out and we sat down together, the question the department was asking was, 'Why can't that other parent come and pick those children up at 3 o'clock, for example'? There were lots of complications. Transport was one. There were other factors of taking a little toddler and a baby out in wintertime with the nearest bus stop being half a kilometre up the road and things like that. That parent tried to get a lift from other workers and was able to secure a lift later in the day, but not at the time that work finished, that her shift finished. What in fact needs to happen in that case is that parent needs to leave work and come and pick those children up. It was very difficult, if not impossible for the parent to do that.

Senator PAYNE—I understand your explanation of those individual circumstances, but what I was getting back to was your particular evidence about this form, which is a single page form requiring the details that I indicated to you. Is that the form you were referring to?

Ms Beltrame—The form I am referring to looks slightly different to that. It was the form that was in place in 1997, so I believe it is the same form.

Senator PAYNE—This is the form that is in place currently, so if you had any further information in relation to this form you might provide it to the committee.

Ms Beltrame—Yes.

CHAIR—We will receive that form, Senator Payne. I thank all the participants in this current session for coming along today and being of value to the committee this morning.

[12.09 p.m.]

MOORE, Ms Robyn Ann, Proxy President, Student Association of the University of Adelaide, c/- University of Adelaide, North Terrace, Adelaide, South Australia 5006

BONE, Ms Heidi Savannah, Central Women's Representative, University of South Australia Students Association, Level 3, Playford Building, University of South Australia, City East Campus, Frome Road, Adelaide, South Australia 5000

COLMER, Ms Kaye, Director, Lady Gowrie Child Centre, 39a Dew Street, Thebarton, South Australia 5031

WATERMAN, Ms Petra Jayne, P.O. Box 76, Strathalbyn, South Australia

HIRSCHAUSEN, Mrs Catherine Wendy, Vice-Chairman, Management Committee, Strathalbyn Children's Centre, 1A Burkett Drive, Strathalbyn, South Australia

PHILLIPS, Mr James Gavin, Finance Subcommittee Member, Blackwood Community Child Care Centre, 5 Brighton Parade, Blackwood, South Australia 5051

REYNOLDS, Miss Susan Patricia, Director, Blackwood Community Child Care Centre, 5 Brighton Parade, Blackwood, South Australia 5051

CHAIR—The committee will now hear evidence from a panel representing providers and individual child care centres. I will invite a representative of each organisation to make a short statement relating to the issues which impact upon your particular centre. In the remaining time I will invite members of the committee to put questions to you.

Ms Moore—I am the Director of the Observatory Child Care Centre at the University of Adelaide. I sit here today representing the Student Association of the University of Adelaide. We cater for thousands of students per year, obviously not all of whom have children or need child care. However, running a community based child care on the grounds of a university presents us with many challenges that are not seen either in the private sector or in the broader community. Sixty-eight per cent of the clients that I have in my centre are students of the University of Adelaide or other tertiary institutions around Adelaide, such as the University of South Australia, or are studying English at many of the tertiary institutions in the city centre. Fifty per cent of the clients that I have at my centre are single parents and they come from 30 countries around the world. We have many children whose parents are postgraduate students or are on research scholarships from many parts of the world coming to the centre for shorter than average periods of time due to their parents' commitments.

Many of our parents are migrants learning English. Many are refugees for political or other reasons, coming from countries such as Bosnia and China and Russia. Many are not entitled to Childcare Assistance because of their lack of status as a citizen of Australia. Those who are have suffered financially due to the decrease in their Childcare Assistance compared to their fees. As students most of them are either on a small amount of Austudy complementing their supporting parent allowance or other family payment.

Approximately half the families who use my centre use other informal care arrangements because of the financial difficulty for them. Many of them are using grandparents, many of whom are elderly and are not able to keep up with the pace of the child or children involved in their care. Because students have a certain limit of time to complete their studies, many of them are now using child care to ensure that their studies are completed. I personally would find it very sad to see many women particularly who are unable to complete post-secondary degrees because the child care does not allow them to continue studying.

We are dealing with many more problems in the broader community that are coming into the centre, and my centre particularly copes with a lot of very unusual circumstances, because of our huge cultural and social and economic mix of people using our centre. We, as child care workers, are dealing with the breakdown of many families and many of the ills and irks of the community are coming to us. Parents are looking to us for advice and assistance which they may have in the past received at agencies such as CAFS or CAMS or other health services, and they are finding that they do not have the time, ability, transport or skills now to access.

I would like to see our country avoiding dependence on the welfare system by allowing women particularly, and men, to study and to complete studies or to find meaningful work and thus contribute to the community. We feel that because our centre particularly is on university grounds that we need to maintain the highest level of accreditation standard, which we are doing, to ensure that we are supplying the highest quality care to children whose parents are either studying at a fine institution such as the University of Adelaide, or are working or studying elsewhere.

Because we are dealing with students who are spending shorter periods of time using child care compared to someone who is working, we find that we have a greater administration component in our centre, and thus it has to be reflected in the costs. I am concerned that we are losing—because of operational subsidy—more and more clients to informal care and that concerns me because of the quality of care that is being provided to children behind closed doors. Thank you, Mr Chairman.

Ms Bone—I come here, not as a child care provider but as an advocate for women in higher education. Of single parent families, nine out of 10 have mother as main carer and in two-parent families women are predominantly the main caregivers. In Australia women are generally employed in lower income jobs and make up the majority of part-time and casual employment. For women to achieve greater employment opportunities and income parity, education and training are paramount.

The majority of student parents entering higher education are mature-age students who are upskilling to improve their employment and income prospects. For student parents, access to quality, affordable, flexible and preferably on-campus child care is essential. We heard earlier from students who are managing to continue against the odds in the higher education sector. I will now talk about two cases of people who have not fared so well. These two students commenced studies at the beginning of this year at the University of South Australia. Both are sole parents enrolled as part-time students. I will refer to them as student A and student B.

After having spent a number of years studying part-time at a secondary level, where she was able to access on-campus child care, student A made the inevitable move to tertiary education. In March this year she commenced studies in a Bachelor of Science course at the University of South Australia Levels campus. She has three children aged between the age of 13 and four years in her care. She did not want to overstress her workload and was enrolled for the minimum requirement needed to continue part-time studies, which is two subjects for the year—just one per semester.

The Levels campus is home to many what are called non-traditional areas of study for women, and as such women make up a minority of their enrolments, and they do not have any on-campus care. The course requirements for this student on enrolment were set out as being two sessions—an evening lecture and a morning computing session. She was unable to access any formal care for her evening lecture, but was fortunate enough to have a family member who was able to provide child care for this session, but this session only. The morning session occurred while her youngest child was in preschool.

On commencing her studies she discovered that in order to complete the subject she would need to attend additional support sessions. These sessions included accessing e-mail, CD-ROM and library cataloguing, Internet and PC application training, learning support, additional computing sessions, most of which she was unable to attend due to lack of child care. As a result her studies have suffered with her having great difficulty completing her course requirements. She is now considering dropping the subject, even though she feels it may jeopardise her place at university. This is an option that she believes she would not have to be considering had she had on-campus care provided.

CHAIR—Ms Bone, could you bring your remarks to a conclusion, please.

Ms Bone—Yes. I would just like to say that we have had on-campus care. Earlier this year, on 31 March, the Underdale Child Care Centre announced that it was closing its doors on 2 April, two days after that. Because of that decision we have other students who have had to make very rash decisions about what to do with their continuing studies. The date of announcement was actually on the HECS closing date which meant that students, if they did not make their decision on that day, incurred a HECS debt.

Ms Colmer—I want to speak about the broader role of the Lady Gowrie Child Centre in relation to the work it does in supporting child care services throughout this state. We provide a number of services, including training and an advisory support function to child care centres, both private- and community-based, statewide. We also support and train for the QI&AS process. As a result of this work we come into contact with a lot of people working in the industry. We have about 3,000 phone calls a year to our centre for advice, and we have ongoing contact with a large number of centres and staff in centres.

CHAIR—Ms Colmer, is Lady Gowrie a training provider in the child care industry?

Ms Colmer—Yes. We also do run a child care centre as well, but my remarks are really on a broader level. Is that okay?

CHAIR—Fine. I just did not have a grasp of what your organisation was, that was all.

Ms Colmer—Right. We actually run a Child Care Program and a kindergarten program, as well as training, and we have a resource program which provides a library and bookshop for resourcing the whole industry.

CHAIR—Thank you.

Ms Colmer—In our work we have collected a large amount of anecdotal evidence which suggests that the overall standards and quality in child care centres appear to be diminishing as a result of the reductions in funding and the reductions in CCA. I think the contributing factors in this loss of quality are an oversupply of child care places in some areas, which has reduced the viability of services, the funding reductions and the loss and the drops in CCA, changing work patterns, lack of consumer confidence and the general economic climate of South Australia.

These factors have all led to a decline in utilisation which has seriously eroded centres ability to cope with the economic situation. In my opinion, child care centres have been forced to go too far in making efficiencies, and the loss of quality is now adversely affecting children. The provision of high quality child care is a complex business. It is an intensely human service industry and the main costs are in staffing; 85 per cent of a centre budget is in staffing. The main areas of quality that we have observed reductions in have been staff-child ratios and group size. The larger the group the more detrimental the effects on children.

We have seen reductions in the numbers of qualified staff employed in services. Professional development of staff is declining, and continuity of staff is a problem. Continuity of staff is a significant indicator of quality for children in order for children to develop attachments with staff. Because of the economic conditions the centres have increased the casualisation of their workforce, as well as dropping the number of staff, so we find that there are a greater number of different faces caring for these young children, and that is having an adverse effect on the ability of young children to develop strong attachments with their caregivers and therefore to have a positive outcome from child care.

There has also been a huge loss of expertise from the sector as many professionals believe they can no longer provide an acceptable level of service to meet the children's needs. Centres are not sending staff to training. We have had a significant reduction in training attendance and professional development is a significant indicator of quality service. Ironically, these changes have happened at a time when families are under increasing levels of stress as they are forced to minimise the amount of care they can access. The impact of unemployment, underemployment and lack of employment security is having terrible effects on families which we see coming through in the behaviour of children in the centres.

We are now seeing children as young as three or four showing signs of distress. Quite simply, their needs are not being met, and I think that this is a great concern for us as a community. If we invest in high quality child care, we can support those families in their child-rearing, and we can also support those children so they are well equipped to be successful in the school system. I think investment in child care is a very sound economic thing for governments to do—and there is quite a lot of research to suggest that.

I would just like to make some final points about the quality improvement and accreditation system because that is often used as a measure to say that we have high quality. The QI&AS system has documented what quality care should look like. Unfortunately, because of the economic conditions, many centres cannot really fulfil the requirements of QI&AS. One of the main weaknesses, I think, of the system is that there is no assessment of the key quality indicators, such as staff-child ratios, group sizes, qualifications of the staff and training available for the staff. So as all of these have been eroded in our current climate, the QI&AS really is becoming very difficult.

QI&AS is very much a literacy oriented process. It has delivered significant improvements in child care, but it does not necessarily guarantee ongoing delivery of quality. The QI&AS system should be expanded, I think, and strengthened to improve the system, as well as looking at delivering the national standards that were agreed to some years ago. Australia has developed its child care services to a point where there is international recognition, and QI&AS is a benchmark of quality. I think as a community we need to examine what is happening to children and what should be happening for children. In support of that I would like to table some documents about curriculum in child care centres so that the committee has an idea of the complexities involved in planning for young children.

CHAIR—Thank you, Ms Colmer. We will receive those documents.

Mrs Hirschausen—Our centre is a community based child care centre. It has had the good fortune to have its funding maintained for three years from July 1997 in the form of a disadvantaged area subsidy. Without funding our centre would certainly have been added to the list of community based child care centres which have closed, and we are grateful for that funding.

Strathalbyn is located 56 kilometres from Adelaide. It is a rural area and it adjoins the urban fringe. It is a growing area, with increasing numbers of families moving to the district. Approximately 80 families use our child care services for children aged six weeks to six years. We are licensed to provide care to 45 children for long day and occasional care. We employ a director and five staff. Whilst some parents have extended family nearby to offer support in caring for children, many find themselves isolated. A reliable accredited child care centre has qualified staff who can provide support to families. We support the accreditation system currently in place and the checks and safeguards it requires.

Like many other centres, our management has undertaken restructuring. This was initiated during the uncertain period between the government's announcement of cuts in 1996 and the confirmation of our disadvantaged status, which we did not receive until 13 May 1997. The sorts of changes made at our centre include the integration of nought- to two-year-olds with two- to five-year-olds in order to reduce staffing costs. Fees have risen from \$150 to \$170 a week. Staff hours have been cut and the workload significantly increased. This has caused experienced and respected staff to reconsider their futures in child care. Our director covers the equivalent of one qualified position, working on the floor for two full days, leaving administrative duties and some clerical duties for the remaining three days.

The staff have our respect for being able to work in an increasingly demanding workplace, and such has been their concern for the children and their own jobs that they have

given up time to participate in promotional and fundraising activities. We have also increased opening hours in order to cater to a wider range of need. However, in creating a more flexible service, the introduction of the hours limit on Childcare Assistance of 50 hours for work related and 20 hours for non work related child care will push up the cost to our families. If they cannot meet this added cost, then it is likely that our utilisation rate may drop again.

As part of the review process undertaken at our centre, the Community Business Bureau produced a report which stated that without funding our centre would not survive. The report states:

The service cannot continue unless the service receives a continuing subsidy as a disadvantaged service.

We believe parents choose community based child care, secure in the knowledge that skilled and professional staff provide high quality care in safe and secure surroundings. We call on this committee to recommend that funding continue to be provided to community based child care centres to ensure that equity is maintained and good quality child care is available to all families.

Miss Reynolds—I am the Director at Blackwood Community Child Care Centre. Blackwood Community Child Care Centre provides care for over 125 families a week. Prior to the loss of operational subsidy we were licensed for 45 children and we had quite a significant waiting list. As part of the recommendations from our consultant that we engaged as part of a restructuring, the consultant recommended that we increase our licensing numbers and take advantage of our waiting list. As a result of this, we are now finding that nine months on we have depleted our waiting list. We have a utilisation of between 47 and 49 children, so we are no longer meeting the 52 places that we are licensed for.

Also, as a result of this, the child-staff ratio has increased in our group numbers in each of our areas. Prior to our licensing increase we were operating with our under-tuos nursery at a ratio of one to 4.6 It is now one to five. Our toddler room, which is the room that cares for children two to 3½, was operating at a ratio of one to 5.5, and that is now one to eight. In our kindy room, which operates for children 3½ to six years of age, previously the ratio was one to eight. It is now one to 10. So, while the parents have noticed that the quality is slowly diminishing, the staff have actually taken on an extra responsibility with the extra group numbers and, alongside the parents' extra participation, they have had to bear the brunt of a fee increase.

We have parents now who are supplying a piece of fruit per session. We have parents who are now paying for our nappy service. That was previously provided as part of our service. Parents are asked to help with fundraising. They are also encouraged to work in the garden in working bees and similar situations. Due to our financial situation, we have had to increase the numbers of committees that we have. We have to really look at our financial situation very carefully and monitor that. We have had to formulate a finance subcommittee alongside a budget working party and a budget priorities committee as well. So the parents are really having to make a lot of sacrifices in their leisure hours that they spend with their children to ensure that the service that they believe provides a high quality care service for their children is sustained. Jim would like to speak a little bit on our submission.

CHAIR—Thank you, Miss Reynolds. Mr Phillips, you are a parent of a child in the Blackwood centre?

Mr Phillips—Yes, that is correct.

CHAIR—If you could make your comments brief, because we have gone over time in this session, and I think a number of senators might have one or two questions of individual participants.

Mr Phillips—Certainly. I am a parent who has a child at the Blackwood Community Child Care Centre. I would like to thank the committee for an opportunity to present today. I understand that there is quite a reasonable number of people who would like to be in my position, so I appreciate the opportunity. What I would like to do is really draw your attention to the submission that we sent in to the inquiry. We canvassed parents' views and perceptions of what they thought, how they had experienced and felt the impact of the removal of the operational subsidy. Out of just over 100 parents that we have at the centre, almost 30 people responded to the survey.

There is no pretence whatsoever that the survey is professional in the sense of it being out there and being put up as a benchmark kind of survey. It is about finding out what parents' experiences were since the changes were made. There were two particular aspects of feedback that were received from parents, and that was looking at how the cuts had affected them and their children, and the impact that they saw on the child care workers. I will just briefly highlight some of the points. Most of it is detailed in the report that you have.

The main impact that people experienced was actually stress on the family, and in particular in relation to their income, because of increased fees and asking them to provide other parts of the service that were previously provided by the centre. Parents clearly had to make trade-offs, and for some parents it meant increasing work hours. For other parents it meant actually reducing work hours and reducing their time at the centres. Parents also indicated that they had reduced some of the formal hours of care that they used. So, clearly, from the surveys that we received, parents were making trade-offs as a result of the operational subsidy being reduced.

Parents also identified that the increase in the child-staff ratio had resulted in less individual attention per child. They also felt under added pressure to contribute more through the likes of working bees, spending time on fundraising, and becoming a part of other committees of the centre. They also experienced a reduction in feedback when they were picking up their children or handing them over in the morning, because of the increased numbers. They felt that staff were less in a position to be proactive in the process with children in relation to continuing to develop programs, and that the staff were actually reacting to situations more.

CHAIR—Could you bring your remarks to a close, please, Mr Phillips.

Mr Phillips—Certainly.

CHAIR—There were numerous submissions from Blackwood, and we have compiled them all into one. We do have them before us.

Mr Phillips—Yes, I know. Parents also recognise there is actually a potential to lose quality staff because of the uncertain environment they are now working in. Parents recognised the increased stress on workers due to the increased level of child-staff ratio. They also thought that an important role of the child care worker was actually responding to parents' issues, and talking to parents about how best to handle individual situations for their children. The parents indicated that this was an area where they experienced the greatest reduction in service.

A number of parents commented regarding the devaluing of child care as a career. They were particularly concerned about that. They also expressed some concerns around the quality, which has been canvassed previously, and the child ratio figures seem to be inconsistent nationally, and there are some questions in regard to how the figures are actually established. So I will just leave it there, Mr Chairman.

Senator GIBBS—Ms Colmer, you were talking about casualisation of staff. Does this mean that people who are working in this sector are actually making different career choices so that you have to employ casual people, or are the staff who are already there reducing to casual rates?

Ms Colmer—Probably a bit of both. A lot of centres have cut the hours that staff are working, so they have a large number of staff working shorter shifts, rather than having full-time staff which they probably had in the past. Again, a lot of centres have opted for having a pool of casual workers, as well, that they can call in and out, depending on the utilisation. The casualisation of the workforce is not in the interests of being able to meet the individual needs of children, nor the attachment of children.

Senator GIBBS—You also talked about younger children being distressed. Is this because they are not used to these people, they are seeing different faces all the time, or is it because of lack of care and attention?

Ms Colmer—I am speaking about my own experience here as a centre director. I think we are experiencing a large number of three- and four-year-olds coming into the centre who are suffering from distress, and I think that is a reflection of stress that is happening within the family homes. If we have child care centres with appropriate staff-child ratios that can put in place appropriate educational programs for children, we can do a lot of work with those children to ensure that those children have the skills and attitudes to learn and positive self-esteem, so that they are ready for the schooling sector when they get there. But if those children are going into child care centres where there are minimal staff/child ratios, casual staff who they do not know, and cannot form a relationship with, then we are compounding the problems for those children and families.

Senator GIBBS—Ms Hirschausen, your centre gets the disadvantaged areas subsidy.

Mrs Hirschausen—Yes.

Senator GIBBS—If you do not get that subsidy, you cannot operate. Is that right?

Mrs Hirschausen—No, we will not.

Senator GIBBS—You were saying that your staff work longer hours. They are working longer hours for the same pay?

Mrs Hirschausen—I think Petra may be in a better position to answer that.

Ms Waterman—No, it is more like the volunteer work that they do, just to keep the centre going and support that. They would be there at the working bees, they would be on the fundraising committee. They would be doing all those things as well, and that is all time out of their life, really.

Senator GIBBS—So that is unpaid work?

Ms Waterman—Yes.

Senator GIBBS—You are in a rural area, so if you closed, is there another centre, or aren't there any other centres at all?

Mrs Hirschausen—No. The nearest centres are at Goolwa, 32 kilometres away, and Mount Barker, 26 kilometres away. They are also community based child care centres.

Senator NEAL—Ms Colmer, I was very concerned to hear your statements about the reduction in quality. One of the things I would like some assistance from you about is, if quality is going down, why is it that there does not appear to be a lack of compliance with state requirements, and why is it that centres are not losing their accreditation?

Ms Colmer—I think that the problems of utilisation are part of the problems why quality is diminishing. If a centre is more utilised, then it is more viable, and therefore obviously they can employ more staff, and there are certainly some economies of scale. A 70-place centre, for example, is much more economically viable than, say, a 30-place centre, which in my opinion is not viable at all. In terms of the state regulations, regulations nationally are quite different. In South Australia, we can have two staff working with 20 two-year-olds. That is probably the worst ratio for a toddler group nationally, and, quite frankly, two staff cannot meet the individual needs of 20 two-year-olds. They just cannot do it. They cannot actually even meet their daily needs, let alone planning a program for each child's development.

In terms of the QI&AS, again I think the QI&AS system has really documented what quality is, and centres have certainly made big improvements towards that, but the QI&AS system is really around a lot of systems stuff, and it does not look at the really hard issues like staff/child ratios and group size.

Senator NEAL—You mean accreditation when you say that?

Ms Colmer—Yes, that is accreditation. Sorry.

Senator NEAL—I am just making sure. I thought that was what you meant, but I wanted to make sure.

Ms Colmer—Yes. QI&AS is the accreditation system. So the accreditation system cannot, for example, say, ‘This centre will have a group size of a maximum of 10 babies.’ There could be 30 babies in a group, and if the centre is seen on paper to meet those requirements, then that is all accreditation can manage to assess. But the research would say that 30 babies in one group is absolutely diabolical for those children. The accreditation system, I think, is well on the way to improving care in centres, but it needs to be strengthened, and it cannot stand alone. We do need to have better regulations, and national standards would be a big improvement.

Senator NEAL—Are you saying that centres are reducing their standards of quality to, I suppose, the lowest common denominator set by state regulation?

Ms Colmer—I think that that is what is happening. That is what I am seeing in South Australia, that centres have moved to the minimal state regulations. And they are minimal; they are not about high quality.

Senator NEAL—Do you think that the accreditation should include some of the indicators that you suggested, like staff to child ratio and that sort of thing?

Ms Colmer—That is a curly one. That was all considered when accreditation was first brought in. I think that we actually probably need systems that are complementary, so I do not think there is a problem with the state systems having the regulations, and that the accreditation system can stand alone to assess quality. But I think we do need to have the national standards, and I think accreditation can be strengthened in terms of a more stringent process for review, and perhaps ongoing assessment of quality. At the moment an assessment is done, and then it might be three years before another review of that centre is done, and a lot can happen in that time.

CHAIR—Thank you, Ms Colmer. I would also like to thank all of the participants in this session for coming along and helping the Senate with its inquiry.

Proceedings suspended from 12.47 p.m. to 1.34 p.m.

DAVIS, Ms Dawn, Executive Director of Children's Services, Department of Education, Training and Employment, 2/31 Flinders Street, Adelaide, South Australia 5000

SHAKES, Mr Christopher David, Assistant Director of Programs and Service Development within Children's Services Operations Group, Department of Education, Training and Employment, 2/31 Flinders Street, Adelaide, South Australia 5000

CHAIR—I welcome representatives from the South Australian government. 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. I now invite you to make a short opening statement summarising your views on the issues. This should not be a repeat of your formal submission, a copy of which is before the committee. At the conclusion of your remarks I will invite members of the committee to put questions to you. Ms Davis, are you going to lead off?

Ms Davis—I am indeed. I am here on behalf of the state government of South Australia and, as you would note from the submission before you, that submission has been through our cabinet process. I would like to bring to the committee's attention the role of the state in supporting a range of children's services through our organisation and to point out that has been ongoing and that we are the only state where we manage, administer, fund and support the full range of children's services, including family day care outside school hours care, preschool and child care services.

I want to bring to the attention of the committee a number of points. Firstly, that we have in South Australia a higher proportion of community based centres compared with the record in other states. We have 149, including our TAFE services, compared with 86 private centres. The impact of operational subsidy therefore has been felt more keenly by those services and by a larger proportion of users. We have 17 per cent of children in private long day care, 37 per cent in community based long day care, and 42 per cent in family day care.

We have seen the community child care sector to be vulnerable to the adverse effects of the withdrawal of operational subsidy, and that has impacted on the sector combined with the pre-existing high-cost structures that exist, or have existed within this state. For example, the submission details the number of closures we have had over the last 12 to 18 months, the mergers and the fact that we have existing child care centres remaining idle.

We have information from the field which suggests that more closures are imminent over the next period of time. Services are telling us that quality is being affected by the reductions in staff numbers to reduce costs and the loss of experienced directors to the child care centres. Morale in services is low and communities in low socioeconomic areas are the most vulnerable to change. Fees in community based child care centres in this state were high before the changes were announced. This is because our services in this state are smaller than the counterparts interstate, are managed by voluntary committees of management, and charge fees that do not reflect the additional cost of caring for babies, such as nappy and meal services. In other states you will notice that these are optional extras in terms of charging practices.

We have supported, as a state government, the need for administrative restructuring in both outside school hours care and long day care centres and we have brought some of those issues to the attention of our Commonwealth colleagues and counterparts over the last 12 to 18 months. One of the biggest issues for us is the decline in consumer confidence in child care in South Australia, and that links largely to the adverse publicity that has occurred. This adverse decline in consumer confidence is affecting not just community based child care but also family day care and the private sector providers of child care.

The negative publicity has highlighted perceived high costs rather than the actual costs of care for users, and we can see a trend of parents changing their care arrangements and moving into informal care. We note that NACBCS survey in the study. We have also undertaken some exit interviews of 600 family day care families in the last couple of months, and those figures indicate from those exit interviews that 60 per cent of families of those 600 have been reducing hours, 38 per cent have been moving to a combination of less care and informal care, and 2 per cent have ceased work. You will note that we have in South Australia the lowest overall rate of child care provision for children nought to five and, based on Commonwealth data, a 25 per cent undersupply of child care places.

We believe that the administrative changes have added to the confusion and some of the changes in time frames for services. We see that the low actual demand for child care is in fact prejudicing our capacity for new service development in this state, and that centres are in a state of some difficulty. We believe that usage is being affected further by fears of more fee increases, and the issues of outside school hours care and the publicity that has been undertaken over the last week or so is in fact risking outside school hours care services as well. If parents move out of those services, then we will have some closures of services in this state. We have outlined strategies and would be happy to talk further about some of those issues with you today.

Mr Shakes—I have nothing to add.

CHAIR—We will go to questions.

Senator NEAL—In your submission you say, under 2.1, Commonwealth objectives, that there has been a redirection of child care subsidy from service providers to families. Are you aware of that part of the submission?

Ms Davis—Yes.

Senator NEAL—Are you aware that the government announced in December last year that they would actually be paying funds directly to the service?

Ms Davis—We are aware of the changes that have been announced to services. We are also aware of the broad direction which the Commonwealth has indicated it will be proceeding in terms of changes to the payment direct to families, and the use of cards to support that. We also understand that there are some delays in relation to the introduction of new technologies, and they system is being developed through Centrelink.

Senator NEAL—But you are aware that payments are not being made directly to families at the moment?

Ms Davis—At this point in time we are aware of the current system and structure.

Senator NEAL—Sorry, I am having trouble hearing you. The last few words dropped off.

Ms Davis—I said we are aware of the changes and the current system that is now operating within long day care centres, family day care and outside school hours care.

Senator NEAL—The way that it is framed in there it just seemed to be unclear whether you realised that change had occurred.

Mr Shakes—We are aware of the fact that the decision to actually continue to pay services is really a deferral of the decision to pay families direct, so we are in a kind of an interim period at the moment leading to a point in time where the Commonwealth will subsidise families directly rather than making payments through services.

Senator NEAL—I was not quite clear what you were saying, Ms Davis. I was not quite sure whether you were saying that the lack of usage of child care centres was related to publicity. Is that what you were saying?

Ms Davis—What I was describing was what we are seeing is an overall effect in relation to child care usage which, both from the experience of our organisation and from representatives from both the private sector and the community based sector who have raised it with us, are issues to do with consumer confidence and a decline in consumer confidence in terms of child care.

Senator NEAL—What do you think that is caused by?

Ms Davis—Part of it is to do with negative publicity which has been highlighting the potentials for fee increases across services. It is some confusion about what is happening for parents in terms of the administrative requirements in terms of claiming Childcare Assistance. If we take the example of outside school hours care, it is a perception, as you probably would know, for parents tend to make decisions in relation to word of mouth. They are also influenced by what they see on television and in newspapers, and there is a perception by some parents that fee increases mean that they cannot afford to use the current system.

Senator NEAL—Are you saying that South Australia has lost no funding to its child care; that it is all a media perception?

Ms Davis—No, I am not saying that. What I am saying is that one of the critical issues is the issue of consumer confidence.

Senator NEAL—I am asking you a direct question. Do you accept that there have been cuts in child care payments from the federal government to child care services within this state?

Ms Davis—Yes, I do. The submission outlines that and indicates in the paragraph that you were alerting me to, 2.1, about the changes to Commonwealth funding.

Senator NEAL—How much has this state lost in operational subsidies in the last two years?

Ms Davis—I will just have to look those figures up.

Mr Shakes—If I could add by way of clarification, I think the phenomenon that we are seeing is one where the effects in terms of confidence and anxiety in child care are not quarantined to those areas which have attracted funding cuts. We are not disputing the fact that those cuts have existed. What we are saying is that the atmosphere surrounding the cuts and what has happened afterwards has tended to cover the whole of the industry and consumers' perceptions of the whole industry.

Senator NEAL—We have heard evidence today, from both the private sector and the community-based sector that, firstly, parents are paying more in gap fees than they did before, and secondly, they have had to reduce the level of staffing in their centres. Don't you think this is probably a greater impact on parents' views of child care and choices in relation to child care rather than media reports?

Ms Davis—What I indicated was that we believe that the issue of consumer confidence was of considerable concern. That is not to deny that there have been changes that have been made within the community-based sector by the withdrawal of operational subsidy.

Senator NEAL—You are misunderstanding my question. I am not just talking about the operational subsidy. We have received evidence from both the private and the community-based sectors today that, firstly, parents have to pay more out of pocket for their child care, that is the gap between what fees are being charged by the centre and what they receive in government assistance, and secondly, they have to reduce the quality of their care. Don't you believe these impact on parents' views about child care and their choices?

Ms Davis—Yes, I do believe they impact, those changes. What I am saying is that those changes and the difficulties which are being raised through publicity about those reductions, and the impact of those reductions, have a spiralling effect on the attitudes of the community towards child care provision. Am I not being—

Senator NEAL—I just find it preposterous, what you are saying, that the changes in child care and the impact it is having is a result of media statements about it, and they are not as a result of real cuts and real cost increases that families are facing. I find that a bizarre proposition.

Ms Davis—Can I say to you that I am not denying that there has been withdrawal of operational subsidy, which is a fact. I am not denying that community-based centres have been making adjustments. What I am saying—

Senator NEAL—No, I am not talking about—

CHAIR—Senator Neal. Ms Davis, go ahead.

Senator NEAL—That is not what I asked you.

CHAIR—The witness will answer the question.

Ms Davis—What I am saying—

Senator NEAL—That was not the question.

CHAIR—Senator Neal, will you stop interrupting, please. Ms Davis.

Senator NEAL—But it was not—

CHAIR—Senator Neal, you have asked a question. The witness should have the opportunity to respond. If she does not respond, you can ask again.

Senator NEAL—I have asked it three times.

CHAIR—In that case then you have the answer you are going to get. Ms Davis.

Ms Davis—I am saying that there has been changes in the community based funding for child care, and that is identified within the submission. I am saying that the sector and individuals, in both the community based sector and private providers, have indicated their concerns to me and to the government of South Australia about the declining consumer confidence. Part of the reason for that decline is in fact the range of reports in the newspapers of the difficulties facing centres and the closures of centres. I have gone on to say that then leads to a perception around child care, and what is happening to child care, which is contributing to a downward spiral of confidence by community users.

Senator NEAL—Do you think the evidence shows that in fact child care is less affordable for parents?

Ms Davis—The figures that we have before us indicate that child care in this state has in fact held in terms of cost increases.

Senator NEAL—That is not what I asked. Can I just clarify this because it is very important. I am not asking you whether the costs of child care have remained the same. That is what you are answering. My question is: is child care less affordable now than it was two years ago? What I mean by affordable is the gap between the fees charged by child care centres and the assistance provided by the federal government. That is what I am asking—not about the actual fees themselves.

Ms Davis—I believe that the level of fee increases has kept at a level which maintains affordability.

Senator NEAL—Look, I will ask the question again. Do you understand that affordability is the fees from a child care centre less what you receive from the government assistance?

Ms Davis—Yes, I understand the gap fee of \$55 a week.

Senator NEAL—I just want to make sure I have got the question right so you understand. Do you believe that the gap fee has increased over the last two years?

Ms Davis—The gap fee, depending on which centre—I am talking about across the system as a whole. We have had enormous differences in terms of fee increases between centres charging fees. Whilst we have an average cost of something between \$160 and \$165 a week for services, some centres have increased fees up to \$180 or \$190 per week. In the instances where those fee increases have occurred then, yes, obviously it is far more difficult for parents to be able to meet those fee increases.

We have another instance in this state with a centre operating at \$127 per week, so that where those fee increases have gone well above the average then, yes, fees for parents mean that affordability is a major issue. What I was talking about and quoting from was an average.

Senator NEAL—We have received evidence, from both the private sector and the community based sector today in this room, that the gap fee has increased. You say that what you are saying to us today is based on what those two groups have told you. Why is it that you do not then agree that the gap fee has increased?

Mr Shakes—What we are suggesting is that the level of fee increases in South Australia has not been as high, on average, as has been the case in some other states. The loss of operational subsidy has overlaid on top of what were already high-cost structures. What has happened in South Australia over the last 12 months is that centres have, at great cost to themselves and to their staff teams, controlled costs and found efficiencies. So we would argue that if you analysed the differences in South Australia and fee structures over the past 12 months relative to other states, South Australia has held what were already high costs; other states have caught up very dramatically.

Senator NEAL—I am not asking you about comparison with other states. I am asking what is happening here in South Australia. We have been told by both the private and the community based sector here in South Australia that gap fees payable by parents have gone up in the last two years. You tell me what you are saying today is based on what you have been told by those two groups. Why is it that you will not concede that payments of gap fees by parents have gone up?

Ms Davis—The examples and the range that I have quoted indicate, based on individual centre information, that in fact gap fees have gone up in a range of centres. It is also true that centres have looked at the impact of increased costs, have restructured costs, and are looking to hold costs down in this state because they want to minimise the fee increases.

Senator NEAL—Bearing in mind that gap fees have increased and therefore parents are paying more, how can you say—as you have said in your submission—that it has increased choice to families if fees have gone up?

Mr Shakes—I am not sure which section of our submission you are referring to.

Senator NEAL—It says in 2.1:

In the past two Federal budgets the Commonwealth has introduced measures designed to control child care expenditure, introduce greater equity, eliminate anomalies within the child care funding and strengthen choices for families.

Maybe I have misunderstood you.

Ms Davis—Can I just clarify that, in effect, we are restating under 2.1 the issues and objectives from the Commonwealth changes. We are actually using objectives of the Commonwealth in that paragraph.

Senator NEAL—Yes, thank you for clarifying that. I might ask you the next question: do you believe that the stated objective of the Commonwealth to increase choice in light of the increase in gap fees has been met?

Ms Davis—If I take the example of outside school hours care and the changes that are being introduced in that area, then I would argue that a broader group of families, in terms of their income levels, are now eligible for Childcare Assistance when they were not previously eligible, and therefore that will influence those families in that income range about their choices of using outside school hours care.

Senator NEAL—I will ask the question again. In light of the fact that you have conceded, and we have received evidence from both the community and the private child care, long day care centre operators that the gap fees have increased, do you think this has met the Commonwealth's stated objective of increasing choice to families—in long day care, not outside school hours?

Ms Davis—I think that for families where there have been significant increases then they have made choices to either look at whether they will utilise child care or will use other forms of arrangements.

Senator NEAL—So has it increased or decreased their choices?

Ms Davis—In those instances it has decreased their choices.

Senator KNOWLES—In paragraph 2.1 of your submission you say:

Commonwealth child care funding of over \$8.5m was withdrawn from the child care system in 1997/8.

Could you please explain why you have put that there?

Mr Shakes—That was a combination of the cumulative effects of the withdrawal of operational subsidy in community based long day care and other features of the child care changes that had been announced in the past two federal budgets. Those figures, as I understand it, were drawn directly from Commonwealth budgets estimates.

Senator KNOWLES—They are wrong. I am just wondering what your breakdown is and how you have arrived at that figure.

Mr Shakes—We would be happy to provide that breakdown at a later date. I do not have that breakdown.

Senator KNOWLES—They are plain wrong, apart from just direct from the budget—they are just wrong, and I am just wondering how you arrived at it and what you have to substantiate it.

Mr Shakes—If the committee is happy to receive it, we can provide substantiation of those figures.

Senator KNOWLES—Thank you. Are you aware that South Australia has been provided an eight per cent increase this year in funding—\$78 million up from \$72 million in the last Labor budget?

Mr Shakes—I would have to understand how those figures were calculated, Senator, before I could comment on that.

Senator KNOWLES—I am just at an absolute loss to understand how you arrive at such bland statements when they are just patently incorrect.

CHAIR—It is a debatable point.

Senator KNOWLES—You also talk about the operational subsidy withdrawal. I am just fascinated to know your understanding and reason for why the private centres have increased their fees by about a dollar, and the community centres have, in effect, gone way, way, way beyond that. What has the state government done about that?

CHAIR—Are you asking what has the state government done about Commonwealth actions, Senator Knowles? Is that the question?

Senator KNOWLES—No, I'm not asking that at all.

CHAIR—That is how I understood it.

Senator KNOWLES—I am sorry you misunderstood me.

CHAIR—Perhaps if you might say it again, yes.

Ms Davis—The view would be that the issues in relation to child care funding and those issues are in fact the responsibility of the Commonwealth. I do not know what you are asking that the state should be doing.

Senator KNOWLES—Can you tell me what the contribution is of the state to child care over the last five years?

Ms Davis—I have not got those figures before me now, no. I cannot give them but I can provide you with that detail, that in fact the state government has provided support to a range of initiatives through the national child care strategy, through its funding of the child care business initiative called Kids Biz, to provide support through its funding of occasional care and other measures, support services, et cetera.

Senator KNOWLES—I notice on a number of occasions, and also in your oral submission today, that you are saying that adverse publicity has certainly been a cause of concern and further on here somewhere you say that it has also led to reduced confidence. What has the state government done about trying to assist in terms of clarification? I agree wholeheartedly with you in terms of the adverse publicity, and that is the whole purpose of this committee—to create adverse publicity—

CHAIR—No, Senator Knowles, the purpose of this committee is to inquire into the changes occasioned by cuts to child care funding, not publicity.

Senator KNOWLES—I'm sorry, Senator Bishop, but I am entitled to my view and you are entitled to yours.

CHAIR—Yes, you are entitled to your view. You are not entitled to make a statement of fact that is patently incorrect.

Senator KNOWLES—Excuse me, Mr Chairman, I will continue on and I would appreciate no interruptions based on that sort of intervention.

CHAIR—If you make errors you will be corrected, Senator Knowles. Proceed.

Senator KNOWLES—I will repeat what I said. The purpose of this committee is to create adverse publicity and it has very effectively done that. I am therefore asking you—

CHAIR—Senator Knowles, the purpose of this committee is not to create adverse publicity. The purpose of this committee is to inquire into child care funding.

Senator KNOWLES—I am therefore asking you—no matter what the rudeness of the chairman is—what the state government has done to correct the sort of publicity that is being generated endlessly in relation to child care, just so that people know and understand the facts of the matter and not what some people with self-interested reasons want to promote?

Ms Davis—The state government, through our department, has worked very closely with industry members and with services and has provided specific support—if we are talking about long day care—in relation to the child care business initiative that I identified. It also

makes information available about the range of children's services, and provides information, both written and through its staff, in terms of what is available at this stage. The other part of your question I understood to be about representations that this state may have made to the Commonwealth about the changes. I believe that is a question which should be taken by a minister and we would be happy to bring that back to the committee.

Senator KNOWLES—The figures right around Australia—and I know South Australia is somewhat different—show a far greater utilisation of private centres as opposed to community centres. Have you noticed any shift from the community to the private centres since the community centres have increased their fees?

Mr Shakes—I think overall, Senator, the answer to that would be no. The impression that we are getting from our contacts with service operators is that while there might be some—and this is very difficult to quantify—shift from community based services into private services, the most significant trend that we are finding, as we indicated in our submission, is out of formal child care and into informal arrangements, or less stable combinations of formal and informal care.

Senator KNOWLES—What empirical evidence do you have to support that?

Mr Shakes—We have a series of surveys, which I am sure have already been discussed this morning, and the access that we have to information from service operators in both the private sector and in the community sector. We also have data from our own family day care system. We are the sponsor of Family Day Care in South Australia and we have already mentioned the 600 exit interviews that we have conducted in an effort to actually map where people are going when they are making decisions about leaving child care.

Senator KNOWLES—So who has actually undertaken the survey? Who drafted the survey?

Mr Shakes—Those exit interviews were conducted by us. The surveys that I have mentioned were conducted by other organisations.

Senator KNOWLES—Do we have a copy of that survey?

Mr Shakes—Are you talking about the exit interviews for Family Day Care?

Senator KNOWLES—The questions.

Mr Shakes—We can provide that to the committee.

Senator KNOWLES—I would be very interested for you to provide it because I have got a copy of one that was provided this morning in evidence and the questions are all very heavily negatively geared to get a particular response. Therefore I would be very interested to know whether this is an objective survey or whether it is one that is weighted to get a particular response.

Mr Shakes—I think our submission indicates, Senator, that we see a general gap in our understanding about the factors that influence parents' decisions about child care and choices of child care. I do not think that we would argue that the collections that we have undertaken are uniform or comprehensive. We would argue that there is a need for a much more substantial exercise in terms of understanding how parents make choices about child care.

Senator KNOWLES—Who actually drafted the survey?

Mr Shakes—The Family Day Care survey was drafted by our department. It was actually done within our office.

Senator KNOWLES—So you have professional people within the department who are qualified to draft surveys?

Mr Shakes—Yes, and we have access to that kind of advice on survey design and construction.

Senator O'BRIEN—I am not sure who can deal with this. I looked at your figures on fee increases in your submission, an average of \$55 per week, being the difference between Commonwealth subsidies and cost of care. I take it that average was over privately-run and community-based care systems. They are the only two areas that are the subject of this particular comparison.

Ms Davis—That is right.

Senator O'BRIEN—In terms of that figure, is the raw data that you used to come to that figure, available to the committee?

Mr Shakes—The figures that we have used were figures that were based on Commonwealth surveys, so I would assume that that data is broadly available.

Senator O'BRIEN—Would you supply it if we cannot get it elsewhere?

Mr Shakes—Yes, I assume so.

Senator O'BRIEN—Thank you. That will save a number of questions, which is the reason I wanted to deal with that. In terms of the withdrawal of the operational subsidy you say that from July 1997 10 centres have closed, and there were four that closed previously. Six of the 14 centres that have closed have not reopened, and further amalgamations and closures are in prospect. How many more closures are you expecting—if you are able to quantify?

Ms Davis—One of the difficulties, as you would appreciate, is that it is very difficult to foretell the circumstances and individual issues affecting centres. Really, we do not have a figure which actually indicates what may occur in the future. We have information from some services and from some of the consultants who have been working with centres suggesting that there may be three or four centres in coming months that may be looking at

closure. However, if they move to amalgamation arrangements then in fact the service may continue.

Senator O'BRIEN—When a centre closes, where the government has provided the facility or funded the facility in which the centre operates, what happens to that facility?

Ms Davis—It does depend on the ownership of the centre in terms of what happens with it. There are some centres which are currently closed which are in fact owned by the state and we are undertaking action to in fact call tenders for those centres.

Senator O'BRIEN—When you say 'tenders', are you going to sell the property for the purposes of operating a child care centre, or are you going to contract access to the facility to conduct a child care centre?

Ms Davis—The government is looking at a range of options for those centres, and part of the decision will depend upon the response to the tender process.

Senator O'BRIEN—Is it possible that those facilities will be lost to child care for the future arising from that process?

Ms Davis—Our minister has made it very clear about his concern to maintain infrastructure for child care.

Senator O'BRIEN—Yes. I asked whether it was possible. Is that one of the options? When you said the government was considering a range of options, is one of those options to divest of the property?

Ms Davis—A strong priority is to maintain child care centres, and the existing stock of child care centres, as you would note from our submission. We indicate that this state has one of the lowest ratios of child to child care place, and therefore we would be concerned if that ratio were to diminish further.

Senator O'BRIEN—Historically, is it fair to categorise the reason for the substantial size of the community based sector in this state as being in response to an inability of the private sector to initially provide the infrastructure for an effective child care industry?

Ms Davis—I cannot actually answer that question. I do not have enough information about the early years of the development of centres by the private providers.

Mr Shakes—I think it is very clear that the rate of growth in the private sector in South Australia has been very low relative to other states. On the last figures that I am aware of in the period from 91 to 97, South Australian private sector growth contributed something like five per cent of the national total, compared with a figure of approximately twice that for a state like Western Australia, and a state like Queensland contributed 36 per cent roughly. The reasons for that slow rate of growth are difficult to divine.

Senator O'BRIEN—What happens to the infrastructure of child care, whether it be through funding or other causes, if a number of centres exit the industry? How easy will it

be to build the sector back up if circumstances change? In part you have answered that. But does the South Australian government have any formal strategies in place to deal with that issue?

Ms Davis—In the sense that I think I have alerted you to the fact that the government does want to maintain the infrastructure for child care. It is looking at those options. I think that is the most I can comment.

Senator O'BRIEN—So there are no formal structures in place, but it is looking at options.

Ms Davis—It is looking at the options for the tendering of those services and the maintenance of centres to provide child care.

Senator O'BRIEN—I could go on but I am sure there are other people who wish to ask questions.

Senator PAYNE—I want to clarify one point. The government's submission says that in South Australia recent child care initiatives have focused on expanding choices and flexibility in rural communities. In reading another submission today, specifically that from the National Council of Single Mothers and Their Children, they have commented that 'Family day care is often the only child care option in rural areas. However, family day care assessors are reluctant to travel long distances to accredit child carers in remote locations.' Are those assessors South Australian government assessors?

Ms Davis—As was mentioned earlier the family day care program is administered by the state so it is state government personnel who are in fact involved in that process. There are two comments that I would like to make about the issue about rural provision. One is that through the last national Commonwealth-state child care strategy this state—and decisions were made by both Commonwealth and state ministers—endorsed the allocation of long day care centre places into rural communities, so that we have linked those places to preschool provision in rural communities, and a number of centres have opened as a result of that, providing centre based, long day care in communities which would not have had access to those long day care services. That is one part of the answer to your question—there is greater provision of long day care.

The other aspect has been that we have a district management structure in relation to family day care and the basis of that district provision and the support that is provided, both through our children's services coordinators across the 23 districts and the field workers who support the family day care program, mean that those staff are actively working to recruit family day care providers, and to support them in terms of training and other means.

Senator NEAL—Mr Shakes, maybe you could answer this—or it is really something you could take on notice. I am interested in the funding arrangement for preschool provided by the state. I understand that is provided for the last year before school. If you could take it on notice and give us some detailed financials about how much it costs you and particularly how much it costs you per child.

Mr Shakes—Yes, we can take that question on notice. I can give you some approximate figures, if you like, now, in terms of the funding that goes into preschool provision in South Australia, but if you are interested in a per capita basis we would need to provide more.

Senator NEAL—Yes, because it is something that is quite different in South Australia. Not many of the other states do that. I would be interested in how much it costs you, compared to the child care particularly.

Senator KNOWLES—Just one question. We have been given a further bit of evidence to say that quality has fallen, standards have fallen. I am just wondering what the state government has done about accreditation and whether any centres have failed accreditation, or whether any centres are near to failing accreditation?

Ms Davis—That information would be available through the Commonwealth, through the accreditation council, Senator. State governments are not involved in the accreditation process for centre-based care. We licence and regulate centres.

Senator KNOWLES—Yes, but you are the ones who licence and you are the ones who have the regulations associated with it.

Ms Davis—This is true, so I can say to you that in fact in relation to changes that have occurred in centres to my knowledge we have not had centres breaching the licensing requirements of state regulations in terms of those requirements. Issues to do with quality service provision within centres through the accreditation process builds on the floor of regulation and addresses those issues of quality. I think it is an issue which you should raise—

Senator KNOWLES—No, I am fully aware that the accreditation is done federally, but I knew that it was your licensing, your regulations, and I just thought that if any centres had fallen below an acceptable standard you are probably the first to know about it, and would be able to advise the committee of any instances where it has happened. But you do not have any examples?

Ms Davis—That is right.

Senator KNOWLES—Thank you.

Senator GIBBS—Ms Davis, I just have a quick question here. In your submission, where you have got ‘Challenges for state governments,’ you have here, ‘Families in crisis, families from culturally and linguistically diverse backgrounds, remote families and children with disabilities are now at greater risk of exclusion from care as a result of changed arrangements to child care subsidies.’ With the closures of the child care, with the changes that the federal government have made, what is going to happen to these people? Surely these are people in dire need in our society. What I am trying to get at is, if particularly children in crisis—and that could extend to quite a wide range of things, people with disabilities—if their parents cannot afford the child care, what is going to happen to them? Isn’t this going to end up being the responsibility of the state government?

Ms Davis—The issues that are raised in the submission are alerting the committee to the changes in funding arrangements and criteria. What we are doing is raising issues about the potential difficulties for some families as a result of the changes.

Senator GIBBS—That is exactly right. If the parents of these children cannot afford child care, what happens to them? Isn't this, in your opinion, not only an attack on the family, but this is going to have an effect on the community at large, and also an extraordinary effect on the growth and stability of that child for the future?

Ms Davis—What we are alerting is the need to look at those issues and to make sure that there is provision for the families that we have identified in the submission.

Senator GIBBS—And there is no special provision for those children at the moment, with all of these changes?

Mr Shakes—The particular circumstance we are referring to, Senator, relates to vacation care programs particularly for children with disabilities, children from non-English-speaking backgrounds. One of the decisions that has been taken in recent times in federal budgets has involved the withdrawal of block grant funding for vacation care services to state governments. Some of those programs are specialist programs which target children with disabilities, and the other target groups that you have mentioned.

The challenge is to maintain those specialised services, and those are services that those families say they need, in the light of funding changes which are suggesting that the Commonwealth will only subsidise mainstream service types. The Commonwealth will not subsidise stand-alone holiday programs, for instance. I do not want to go too far into the technical detail, but that means that we have less money to keep those programs afloat, as a result of that.

Senator GIBBS—So those programs are in danger of not being there any more.

Mr Shakes—The state government has been presented with a significant challenge in terms of managing the transition from the old funding arrangements to new ones. Some of those families may be able to make the transition into mainstream, outside school hours' services,

but other families would prefer to remain with a specialist program that only operates during the school holidays. That is the challenge before us. It is to work out how we maintain that kind of choice.

Senator GIBBS—So it is basically going to cause extra hardship on these families.

Mr Shakes—I think a number of families would say that they would prefer to maintain their children in the services that we are funding as specialist programs. If they choose to do so then they will not attract Childcare Assistance.

Senator GIBBS—They will not attract Childcare Assistance?

Mr Shakes—No.

Senator GIBBS—So they will have to pay the extra money themselves, and of course that is further hardship on the family.

Mr Shakes—That will depend on decisions that are made about the funding and the viability of those services. It is too early at this stage to quantify what the extent of those increases might be. If, indeed, there are increases at all.

Senator GIBBS—But it is fairly clear cut. Yes. Thanks very much.

CHAIR—I just have one final question for you, Ms Davis. I have looked at your recommendations, and they are expressed in relatively general terms.

Ms Davis—Relatively what terms, I am sorry?

CHAIR—Relatively general terms, not specifics. Is the South Australian government calling for the reinstatement of the operational subsidy to the community centres?

Ms Davis—No, that is not what the submission suggests.

CHAIR—No. It is not the position of the South Australian government?

Ms Davis—The submission suggests that there needs to be account taken of the needs of low income communities. Access issues need to be addressed, et cetera, so we identify the range of options and restructuring initiatives that we believe could be undertaken.

CHAIR—Thank you for answering that question. I thank the representatives of the South Australian government for attending this session.

[2.28 p.m.]

BUTLER, Mr Mark Christopher, State Secretary, Australian Liquor, Hospitality and Miscellaneous Workers Union, 101 Henley Beach Road, Mile End, South Australia 5031

KAPANIRIS, Mrs Mary, Union Delegate for Child Care Centre, Australian Liquor, Hospitality and Miscellaneous Workers Union, 101 Henley Beach Road, Mile End, South Australia 5031

SNELSON, Mr Tony, Industrial Officer, Australian Liquor, Hospitality and Miscellaneous Workers Union, 101 Henley Beach Road, Mile End, South Australia 5031

CHAIR—I welcome representatives from the Australian Liquor, Hospitality and Miscellaneous Workers Union, South Australian Branch. I now invite you to make a short opening statement summarising your views on the issues. This should not be a repeat of your formal submission, a copy of which is before the committee. At the conclusion of your remarks I will invite members of the committee to put questions to you. Mr Butler, are you going to lead off?

Mr Butler—Yes, thank you, Senator. I thought it would be useful first of all to outline our role in child care, as we see it at least. We have a very broad membership in South Australia of workers from various industries, and obviously workers in all industries are users of child care, but it is particularly from the perspective of child-care workers that we seek to make some comments today. You will also note that our written submission is directed at that issue rather than the issue of parents use of child care and things like that. The union has made submissions nationally, and specifically in South Australia as well as other states.

CHAIR—In all states.

Mr Butler—In South Australia our submissions are based on our national survey, which I understand the committee has heard some comment on. That was a survey done out of Victoria by the LHMU and NACBCS, which I understand has addressed the committee today, of almost 500 child care directors across the country, including over 40 child care directors in South Australia. We wish to make some comments on issues coming out of that.

Also there has been a South Australian survey of over 500 parents, which I understand was put before the committee this morning, and obviously also from our dealings with the several hundred members we have in the child care sector in South Australia and the centres which frankly often call us for assistance—frequently being honorary management committee members and not having a great deal of expertise themselves. We do not seek to address the terms of reference broadly. Specifically we wish only to address paragraph (h) of the terms of reference that relates to the impact on child care workers.

By way of background perhaps, child care is a relatively new profession in terms of its formal recognition, I suppose, as a professional vocation. It has traditionally been low paid work but as the formal regulated child care sector grew in the 1980s so too did the training

of child care workers advance fairly significantly. Following that, in the 1989 national wage case through award restructuring, we were able to obtain very significant wage increases for the child care sector which brought award wages, at the very least, into line with a range of other professional vocations with similar qualifications.

However, since then wages, rather than award wages, have remained fairly low. That is as a result of a few things. First of all, over-award payments in the child care sector are very rare indeed. Secondly, there are few penalty payments made, given that it is by and large a day care sector so that you do not get the sorts of penalties paid, for example, in the nursing profession with shift work, weekend work and things like that.

Thirdly, there has been very little penetration into the sector of enterprise bargaining in South Australia certainly, but for that matter across the country, as we understand it. There have been very few enterprise bargaining agreements and those that have occurred have not resulted in any significant wage increases for child care workers and there has certainly been no government support, over the period of enterprise bargaining since 1991, for any funding supplementation directed at that sort of thing.

So since 1991, although we made some progress through award restructuring, the only wage increases, by and large, that the child care workers have received have been safety net adjustments. That has seen their real and their relative wages over the past seven years go backwards. We think it is important that the committee recognises that the background against which these funding cuts should be considered is of a sector that is not a well paid sector. It is not a sector that enjoys good wages and conditions of employment. They are fairly much basic award wages and conditions.

The evidence we have been able to gather, anecdotally and by way of the surveys I have mentioned, shows a picture of a dramatic impact on the wages, the working conditions and particularly the job security of child care workers in South Australia. I had the benefit of hearing Chris Shakes and Dawn Davis before, and there obviously has been some discussion today of the centre closures that have occurred since the 1996 budget cuts.

We have been fairly intimately involved in those because each of those 10 closures have involved members of our union. I say 10 closures, because I know there has been some debate that I heard earlier about four of them having effectively been taken over by other operations but, from the point of view of our membership, the businesses that were employing them have closed. They have been made redundant. A few of them have picked up some work in the incoming business but, by and large, that has been on less attractive conditions than they enjoyed with the previous centre.

In over half of the centres that have closed, the child care workers who have been made redundant have not received their full leave entitlements or redundancy pay entitlements and, in some cases have not even been able to receive the wages owed to them. That is in at least half of the centres that have closed in South Australia. In some of those cases they actually have not been able to receive any redundancy pay whatsoever and have lost all or some of the long service leave and annual leave entitlements accrued up to the point of termination.

Although I understand that it is not addressed specifically in your terms of reference, this in our view squarely raises the issue of the Crosio bill that is before the federal parliament. It has been the case that most of the redundancies where workers entitlements have not been paid—and in the media there have been fairly high profile closures such as the mine closures in New South Wales—time and time again in South Australia we are faced with small business closures, such as child care centres where child care workers have worked at places for up to and over 10 years that are not even able to receive accrued leave entitlements or redundancy pay, modest as they are, under the child care workers award.

It is our submission that this is a problem in the child care sector and it is not a problem that seems likely to go away in the event there are more closures. It is quite within the ambit of this committee's terms of reference to include some recommendation going to the merit of the Crosio legislation before the House of Representatives. To the extent we have been able to adduce evidence of this, we are of the view that it is likely that closures may well continue in South Australia.

The national survey that I mentioned earlier, taken late in 1997, showed that 30 per cent of the South Australian child care directors—30 per cent of those directors responded to the survey—indicated that closure of their centre was discussed in 1997 and one would expect that, unless there is a significant financial injection into those centres in 1998, the same discussions will take place when it comes to doing the 1998-1999 budget for those centres.

It is also the fact that in that survey over 26 per cent of the South Australian respondents indicated a view that they did not feel that their centre was financially viable in the long term, so we have a very real concern that the closures that have been discussed before this committee will not be the last if there is not some injection of funds into centres in South Australia.

Where centres have been able to remain open, the survey of South Australian child care directors—the national survey, but broken down into South Australian responses—showed that over three-quarters of the respondents indicated that their centres had cut staff in 1997. The redundancies in child care centres in South Australia have taken place not only in the centres that have closed but also are taking place in most centres that are able to remain open. The only basis upon which we are told that many centres are able to remain open is by cutting staff numbers.

So the working population in the child care sector has been diminishing over the last two years but particularly in 1997. Over 60 per cent also of those respondents indicated in South Australia that they had cut staff hours during 1997, so those workers who are able to remain in employment—and there is a very high percentage of them who are permanent part-time employees—have had their hours reduced, or the number of shifts reduced, with an obvious impact on their take-home pay and their own household budgets.

The problems suffered in the child care sector in South Australia have also manifested in a reduction in employment status for many child care workers. There is a high incidence anecdotally of permanent full-time employees being made permanent part-time; permanent part-time employees being made casual; and permanent employees being put on to fixed term contracts, normally of a 12-month duration. The committee would be aware that, arising

I think out of the 1996 budget—maybe 1997—a number of consultancies were funded throughout the country to advise centres on how to deal with these budget cuts.

It has been our experience, because we are involved in the process and get to read the draft reports and final reports, that many of those consultancies are advising centres to increase the casualisation of their labour, and are advising centres to look at putting staff on to fixed term, 12-month contracts in order, in the words of these reports, to increase the flexibility of the centre to deal with other financial troubles that might arise during that year or when planning the budget in the following year. This is a problem we are struggling with. That obviously undermines the job security of the child care sector, a sector which has always had a fairly low level of casualisation, particularly in South Australia anyway. It traditionally has had a level of casualisation in the order of about 25 per cent, but that is increasing.

The written submission we have put to the committee indicates a number of other conditions of employment that we say have been reduced. This is largely a product of anecdotal evidence, but over half of the South Australian respondents to the national survey I have mentioned before admitted that their centre had reduced employment conditions during 1997. Those employment conditions, on page 8 of our submission, include a range of things, many of them quite hard-fought-for; conditions such as the monthly rostered day off and matters of that type. So we obviously have a very deep concern about that as well.

I know the committee, having heard the previous submission, has heard evidence or assertions of submissions—depending on your perspective, I suppose—about standards in centres in South Australia dropping as a result of these funding cuts. Certainly the feedback we receive from our child care membership is that it is increasingly difficult for child care workers to maintain accreditation standards. It was a very involved process by child care workers across Australia, in our view, to go through the first round of the accreditation process. It is a process in which most child care workers took a great deal of pride, and it is a matter of great concern and a cause of great stress to them that it is very difficult for them to maintain those standards in the current climate.

I also had the benefit of hearing some debate about the ability of centres to maintain licensing regulations. The South Australian sector is in the position of having an old set of regulations currently ready for replacement by a new set of regulations based on the national child care standards done in 1994, and those regulations have been ready for some years now but have not been promulgated. There is a great deal of debate over whether or not current pressures on staff-child ratios are going to enable centres to meet those new standards, which are much more specifically worded, when those new regulations are promulgated, which all state governments I understand some years ago signed up to doing.

Although a lot of the evidence in this respect is anecdotal, it is certainly the view of the union's membership that standards are increasingly difficult to maintain and, when adding together all of the evidence which shows that the staff-child ratios are increasing, specialist positions in centres are often the first to be axed when redundancies are considered, such as cooks, gardeners and clerical positions. It all adds up to an inevitable conclusion that child care workers are being required to take on an increased workload in an increasingly stringent time.

In summary, our submission is that this needs to be viewed against a background of child care workers being relatively lowly paid. It has long been our view that child care workers have effectively, by their labour, subsidised a high quality and affordable system of child care. They have been going without wage improvements when many other areas of the Australian community have been receiving significant wage improvements through enterprise bargaining over the last six or seven years—which have not accrued to the child care sector. With these cuts, child care workers are being forced to shoulder more of the burden of having to strive to maintain a high quality and affordable system of child care.

The submissions which I understand were put before the committee this morning indicating that parents are having to shoulder more of the burden through increased fees and such like, need to be matched also against our submission that child care workers are having to shoulder, in our view, an inequitable burden of the load. Our strong submission to the committee would be to recommend that the government pick up more of the burden so that the burden on parents and child care workers can be reduced to a reasonable level. That is all I have to say, thank you.

Mr Snelson—I do not think there is a great deal that I can add to what Mark has said. My purpose here today is to assist with any questions. I have a long history in child care and I have been a child care official for 10 years. Prior to that I was a child care worker for some time, so I know the industry quite well. I have also had first-hand contact with child care centres that have been going through the reviews as a result of the consultancies that were made available by the government, and I have first-hand knowledge as to what types of cuts and sacrifices child care workers have made. So I am happy to be of any assistance in those areas.

CHAIR—Thank you, Mr Snelson.

Mrs Kapaniris—I am also here to assist Mark with any issue that needs to be addressed. I would also like to let the Senate inquiry know what I, as a child care professional, feel and experience every day of my working week. As Mark has stressed to you, the numbers in the rooms have increased and more children are there for us to care for—quality care has decreased as there are more demands placed on child care workers throughout the day, and child care workers are faced with burn-out and stress daily. There is no money for professional development and centres cannot afford to pay relief workers to cover those areas for us to go and get the professional development that we need. The career path of a child care professional is now limited.

Also, the centres facing closure and those that have closed cannot pay staff, as Mark has also pointed out to you before. As a child care professional I speak on behalf of the child care people out there. We take pride in what we offer the community through community based child care, and we would like and we want quality care back for our children in care.

CHAIR—Thank you, Mrs Kapaniris. We will go to questions now.

Senator NEAL—Yes, one of the things that I have been told by some of the centres I visited is that most child care workers cannot actually afford to put their children in child care. Is this true?

Mr Snelson—I will try and answer that. I have not actually heard that that is the case, but I can probably say that, given that the average wages of a child care worker are from \$23,000 upwards, and more often than not around the \$23,000 a year mark, then the cost of care would put them into an area where it would be very difficult for them to pay, if you are looking at average fees in the child care centres about the \$170 to \$175 per week mark. Yes, child care workers, especially child care workers on a single income, would not be able to afford to pay those types of fees. I do have knowledge of some child care workers who work in a part-time capacity where they are relying on their spouse or other members of the family to take care of their children while they are actually at work looking after other people's children.

Senator NEAL—You say in your submission that about 75 per cent of centres have had redundancies in the last two years, I think it was. Is that correct?

Mr Snelson—Yes.

Senator NEAL—How many redundancies are we talking about. Is it, say, one per cent?

Mr Butler—I think it varies. We have been able to estimate—and it really is an estimate because there are centres that have been making redundancies that we have not been dealing with—if you add up the redundancies resulting from closures and the redundancies that have taken place in centres that have been able to remain open, that they would be in the vicinity of a couple of hundred.

Senator GIBBS—What about redundancies? When the workers leave and there is no money to pay your redundancies—long service leave, whatever—is there absolutely no recourse at all? They just do not get the money. Is there no-one you can sue? Can you go through the commission? There is no way of getting the money at all?

Mr Butler—At the end of the day the corporation that employs them just does not have any money. I am not saying it has happened in every case. In cases there have been reserves that the centre has been able to put aside to cover those sorts of payments, but in other cases there have not been any funds. In some other cases there have been reserves, but not sufficient reserves to cover accrued long service and annual leave entitlements and fairly basic award redundancy entitlements up to eight weeks.

Senator GIBBS—So even for the community based child care centres the government cannot be made responsible and liable for these redundancies?

Mr Butler—We have tried to negotiate and twist the arm of the Commonwealth department a couple of times to come to the party. Early on in the process we were able to talk to them about that, and we had some assistance, I seem to recall, for one or two centres. But by and large, no, there is certainly no legal responsibility that the Commonwealth has, and the one or two instances in which they have stepped in has been the product of special circumstances with those centres. So, as Senator Neal I think said, the only way to deal with it, in our view—if you are going to continue with the practice of having incorporated entities run these centres—is by way of a general wage guarantee insurance.

Senator GIBBS—Just looking through your submission here at the different requirements the staff are expected to undertake outside of the award, they are quite comprehensive. You talk about staff ‘being forced to take extended lunch breaks to expend their span of hours.’ What does that mean? Why would you take an extended lunch break to make your hours longer?

Mr Snelson—I will explain that if I can, Senator. The situation is in child care that they have their staff-child ratios governed by the licensing provisions. In a centre where they have a period, perhaps from 6.30 or 7 a.m. till 6 p.m., to cover, there are certain decisions that I suppose they have to make. One is to have their staff work their normal eight hours, with a 30-minute break, which allows them to set up a number of staff. Then they have to fill the gaps with either casual employees or permanent part-time employees on a short-hours basis, or—as is the trend in some of the centres that we actually go out to—have their staff take a one-hour break, or in some instances in excess of a one-hour lunch break, that gives them a span of hours for those workers over perhaps nine or 9½ hours.

Senator GIBSON—But being paid for the eight hours?

Mr Snelson—Yes, or being paid for 7½ hours.

Senator GIBBS—So to be a child care worker, it would either be a total labour of love where you actually love your job so much that you comply with these extraordinary conditions which are outside the award, and which most workers would not cop, or you need your job terribly desperately to do it.

Mr Snelson—I think it is fair to say that most child care workers are in child care for the love of the children, not for the money, because it is not an industry that pays a lot of wages.

Senator GIBBS—There’s no money in it, is there?

Mr Snelson—That is right. They have been striving for some considerable amount of time to correct that, and I think the difficulty that we have now is that we have a system that is working against them and eroding what has taken so long for them to bring around. They are not in it for the money.

Senator O’BRIEN—I am not sure you can answer this, but feel free to jump in. We had some evidence today about community sector centres whose committee of management closed them on Friday, and a new committee took over the same centre on the following Monday. In any of those circumstances was the union aware of the first committee being unable to pay accumulated entitlements?

Mr Snelson—I am not aware of the centre that you are discussing, so it is difficult, but there are a number of different arrangements that are taking place at the moment. We have situations where a centre closes down and ceases to trade, and a new centre will take over that premise. It will not take over the building, it will take over that premise, and it will use that premise to extend its own service, and it gives them some flexibility. We are also looking at some centres that will amalgamate, so the two centres become one. They are

taken over by one management committee. Normally in those circumstances we are looking at a situation where cost savings are made by the two services being run by one director, and there being administration by one administrator rather than two, so there is a savings on two positions.

Obviously the concern that we have in this is that it is eroding a career path for our members. If we were looking at every centre amalgamating with one more, then you have got a 50 per cent drop in career opportunities. So we have got the situation where there is a takeover of the premise. There is the situation of the amalgamation. There has been instances where there is some confusion as to which is actually the situation that is being introduced.

In the case of the centre taking over another service, then more often than not that is the situation where our members miss out on redundancy payments, because the service is forced and has no option but to close its doors, and to allow another service to take over lock, stock and barrel. They only take over the premises. More often than not they do not take over the staff or the liability, and if any members of staff do get employment it is on a casual, reduced basis.

Senator O'BRIEN—Mr Snelson, you have got extensive experience in the child care industry. Does your experience extend to the private sector of the child care industry?

Mr Snelson—It is not as great because we have fewer members in that sector, but I do have a knowledge of the private industry sector.

Senator O'BRIEN—And how long is your history in the industry?

Mr Snelson—I have been with the union for 10 years, and prior to that I was working as a child care worker for 4½ to five years.

Senator O'BRIEN—In that period, are you aware of any significant growth in the number of privately run centres in the industry?

Mr Snelson—Yes, I am. One of the difficulties that community based child care has been facing over the past many years is that there has been no regulation as to where a child care centre can be placed. So what has happened is that private child care has become somewhat lucrative, and in many areas where a community based child care centre has been catering for the needs of that area there has been the introduction of private services. As I said, there has been no regulation on that.

There are instances where private child care centres have been opened in the very near vicinity of a community based child care centre. Obviously they set up some specials, where parents can get reductions or special discounts on child care to attract those users away from the community based child care centre, and obviously later they change those specials when they have captured their audience.

Senator O'BRIEN—I understand the state government's submission suggests that the community based sector is significantly larger than the private sector in terms of long-day care. Is that your understanding?

Mr Snelson—In South Australia I think that is still the case, but it is very close. It used to be that there was a very big majority of community based centres to private in South Australia, but that gap is closing as we are seeing community based child care centres close.

Senator O'BRIEN—That gap is closing because of the closure of centres or the opening of private centres?

Mr Snelson—Because of the closures of centres and the opening of private centres. There are some areas in South Australia—in the southern areas where I live—where we have as many as six child care centres within probably a kilometre or two-kilometres radius.

Senator O'BRIEN—Is that due to zoning of property?

Mr Snelson—It is in the mortgage belt, really.

Senator O'BRIEN—Are they located there because that is an area designated for that use?

Mr Snelson—No, just because someone has thought to open a service and take a risk of filling it.

Mr Butler—As Tony indicated, as we understand it, there is still no regulation on centres opening up. It is really a market-driven thing.

Senator O'BRIEN—But does local government restrict the opening of centres to particularly zoned areas?

Mr Snelson—No.

Mr Butler—No.

Senator O'BRIEN—So it is just general commercial?

Mr Butler—Yes.

CHAIR—I thank the representatives of the Liquor, Hospitality and Miscellaneous Workers Union for attending this session.

[3.01 p.m.]

JERICHO, Mr Adrienne John, National Director Lutheran Schools, Lutheran Church of Australia, 197 Archer Street, North Adelaide, South Australia

SCHNEIDER, Mrs Beverley Joyce, Education Officer, Early Childhood (Queensland District), Lutheran Church of Australia, 197 Archer Street, North Adelaide, South Australia

CHAIR—I welcome the representatives from the Lutheran Church of Australia. I now invite you to make a short opening statement, summarising your views on the issues. This should not be a repeat of your formal submission, copies of which are before the committee. At the conclusion of your remarks I will invite members of the committee to put questions to you.

Mr Jericho—Thank you, Senator. In my position as National Director for Lutheran Schools, part of those responsibilities is to oversee the child care services provided by our church. We operate 13 long day care centres, as well as a number of other child care services, family day care, outside school hours care. We have been in the area of child care since the mid-1960s. All of our centres are in the eastern states, mainly in Queensland. We support a number of the recent legislative and administrative changes, for instance the new planning system to ensure that new private child care places will be located in areas of greatest need; the quality assurance and accreditation initiatives; the widening of access to after school care assistance; and incentives for parents to immunise their children.

As part of my responsibilities I have had to give minimum effort to this area. However, the last two years have been a time of anxiety, frustration and bewilderment for many of our centres, and it has become an area of increased focus for me. I have seen directors coming to terms with significant paradigm shifts, such as from providing a service or ministry to the community, to being part of an industry—and how they hate that term—from seeing their vocation as one of primarily working with parents and children, spending their time on caring and counselling, to a life of fighting for the survival of their centre, trimming budgets and administering increasingly complex and changing legislative requirements.

Some have found themselves agonising over what advice to give a mother. When that mother cuts that care, the centre's budget suffers again. They have felt compromised as their education program suffers from an inability to always employ educationally qualified staff, children's attendance is much less regular and there are more casual staff in our centres, more casual attendance at our centres. There were two comments of directors that really haunt me. One is, 'I know we can do better,' and the second is, 'The government may have saved itself some money, but what will it cost to fix up social problems down the track?' So it really is not saving money.

The abolition of the operational subsidy has hurt our centres. In trimming budgets, the ability to employ educationally qualified staff at the three- and four-year-old level has been compromised. Education programs at the year before year 1 would attract a government recurrent subsidy if they were part of a registered school, and we think that this is a reason to justify operational subsidies.

Our wish from all this is that there will emerge a vision for child care in this country, a vision that is more than, 'Let's balance a budget,' or 'Let's cut unemployment.' We would hope that this vision is of quality, consistent care that is based on an acceptance of a commitment of a partnership to provide it by community and parents and that there is a commitment to spend money now, not later. We would hope that certain administrative procedures will be simplified and that the burdens on directors of centres will be made easier.

Mrs Schneider—My role is Early Childhood Education Officer in the Queensland section of the Lutheran Church. My responsibilities there include providing support services to directors, staff and management committees of 39 centres providing early childhood services to their communities. Ten of these are long day care centres. The church also sponsors six outside school hours care services which are nervously approaching the task ahead of them as they this week enter the new Childcare Assistance arrangements.

Child care is for children. Overwhelmingly, this is the first priority of the people with whom I work. When discussing my participation here today with one of our directors, her advice was, 'Just remember, it's the children, always the children. We're here for the children.' Child care needs to be good for children. So what is good for children? First, we all know that their physical needs have to be taken care of. None of us is much good unless we are fed and clothed and have appropriate shelter.

But then there is the emotional side—love, security, stability, consistency. This develops through relationships with significant adults, adults who supply the emotional food and shelter, if you like. Relationship is important, which means that constantly changing care givers is not a neutral thing, but it is actually detrimental to children. Child care is for young children, children during the period of their lives when they are developing most rapidly, cognitively, socially, emotionally, and all of the multiple intelligences that we hear about.

Foundations are being laid for life. They need to be strong foundations to withstand life's trials. Children have needs for cooperative as well as individual foundations to their life, and these need to be based on principles of mutual respect and the need to be responsive to families and to community values. Child care is for children first. These are the children who will be decision making adults when we are entering later life, and when we ourselves may well require care.

CHAIR—Thank you, Mrs Schneider. We will now go to questions.

Senator PAYNE—In paragraph 2.2.2 of your submission, Mr Jericho, you refer to a child allowance pertaining to each child from birth to school age rather than one tied to parental employment status or type of care accessed. Could you tell me whether your organisation has made any consideration at all of the budgetary impact of that sort of recommendation?

Mr Jericho—No, we have not been able to do that.

Senator PAYNE—Not in a ballpark idea how much it would cost to provide a child allowance pertaining to each child from birth to school age? We have discussed this with

people who provided evidence, I think, in Sydney last week, and in Melbourne before that, and we assessed it in very round ballpark figures—I think the chairman did—at \$5.5 billion.

CHAIR—That is right, yes—thereabouts.

Senator PAYNE—At \$31 a week, do you think?

CHAIR—This is a payment to women who stay at home?

Senator PAYNE—No, that would be a child allowance pertaining to each child from birth to school age.

CHAIR—Yes, \$30 a week, three million families with dependent children—the cost is of the order of \$4 or \$5 billion.

Senator PAYNE—\$5.5 billion. Would that sound feasible to you?

Mr Jericho—I believe so, yes.

Senator PAYNE—That is the only question I have, Mr Chairman.

Senator O'BRIEN—I wanted to find out whether the changes in funding of child care are at the moment having any significantly negative effects on the Lutheran-run child care centres, to the extent that you might be considering closing any centre.

Mrs Schneider—At this stage we are not at a point where we could consider closing centres. We certainly do have some centres which are experiencing utilisation well down on previous times. I am aware of one in particular out of the 10 in Queensland. That centre is looking at drastic measures which could mean cuts to staff, it could well mean combining groups. We have not yet ascertained how parents will accept that. I have been warned by other people that parents often do not take at all kindly to suggesting that there be mixed age groups, but in this particular centre it is quite drastic at the moment, but it is just at a point where we are starting negotiations and to work out what can be done there.

Senator O'BRIEN—If the viability of a centre is challenged, will the sponsoring organisation, in your case the Lutheran Church, fund that centre to keep it viable?

Mr Jericho—We would not have money to do that. We could do it for a limited time, but we would have to make the tough decision of then closing it down.

Senator O'BRIEN—I take it that all of your operations are targeted at members of your church, the general community accessible centres?

Mr Jericho—Yes. Our centres are open to the community, and in fact far and away the majority would be non-Lutherans. We would see our community centres as a way in which we serve the community.

Senator NEAL—Are your child care centres particularly directed at low income areas or how do you determine where you locate them?

Mr Jericho—We would want our centres to be open to as wide a section of the community as possible. I guess you will find them where there is a church congregation, because we have seen this as the strength of our centres, our community, and for us the supporting community is the church that has got behind them. I guess one thing that hurts is the operational subsidy enabled these community child care centres to operate and had made links with other aspects of the church community which could bring in support for parents and others. So you will find our centres have a supporting church base.

Senator NEAL—I notice in your submission you particularly comment on the fact that child care centres have become almost an extended family for many of the parents that use the centre. Is that a recent phenomenon or have you experienced this for some time?

Ms Schneider—I actually think that is the way they started. Where there was a need seen, the people of the congregation, as Adrienne just said, got in and wanted to assist the community in that way. Often there were facilities that they were prepared to share with the community. In some cases in the early days it was the church hall that was not being used very much. So they saw this as an opportunity to actually meet the needs of the local community.

Then there is what we often call pastoral care, the caring sort of people around there with the opportunity to have others to help—whether it was your actual extended family or whether it was a surrogate family did not really matter. The networks and the partnerships, the relationships, were built with people. I would suggest that over the 30 years of some of our longer standing centres that was part of their strength.

Mr Jericho—An example of this sort of extension struck me when I was at Mount Gravatt last month. They talked about how a parent effective training course, which was being operated in the church hall, was opened to the parents of the child care centre and was being very well received; so that is the interlocking that goes on in that sort of community centre.

Senator NEAL—Do you believe that the cuts and changes that have occurred in child care over the last two years have compromised your capacity to provide these centres?

Mr Jericho—I rather see the will and the strength of the workers and directors in the child care centres who do not want to compromise what they were do. I guess I was struck by the last bit of evidence of the extra burden—and we can identify with this—of staff who do not want to compromise, who go the extra mile. It is certainly becoming tough.

Senator NEAL—Do you believe that the changes that have occurred in the last two years have reduced the choices that families have about care for their children?

Mr Jericho—When they withdraw from a child care centre because they feel they cannot pay fees, are no longer able to afford it, that does mean one choice that is withdrawn from them.

Senator KNOWLES—In your submission you talk about the 50-hour limit as ‘a very fair allocation for most families’, but then you go on to say that for those who are requiring over 50 hours that paperwork is a bit excessive. I just wonder what you find excessive about the paperwork for those wanting more than 50 hours.

Ms Schneider—I actually think it is probably more so for the administration of the child care centres. Parents themselves often do not appear to understand exactly what is required. The first place they go with any new paperwork is to their child care director for advice. It is a more cumulative thing than just those requiring more than 50 hours. It is an accumulation of all the administrative duties that a director is required to undertake. So it is an excess because it is one more, not just because it is that one.

Senator KNOWLES—You are the second group of people who have said today that the application form for in excess of 50 hours is difficult. But that is the form. There is only one page. It is in fact parent 1 and parent 2, so while it looks as though it might even be a fair amount to fill in, it is only one or the other, and that is the form there.

CHAIR—Is that the form for the centre or the individuals?

Senator KNOWLES—That is the form, a statement to support a claim for more than 50 hours Childcare Assistance per week.

CHAIR—So it is for the parent.

Senator KNOWLES—That is for the parent to fill out.

Mr Jericho—We are reflecting what we have picked up from our surveys—whether it is just the accumulation of a lot of changes very quickly. Certainly we would need to revisit that and have a look at that, but that is what the directors were feeding into us as an area of concern.

Senator KNOWLES—I am just fascinated because the figures that we have been provided with indicate that only two per cent of people across Australia are actually asking for over 50 hours, and you are the second group who has stated that the form is complex.

Mr Jericho—That is probably the problem, because it happens so infrequently—‘Where is this jolly form they have to fill out for this?’—and they are doing that one too often for the first time.

Senator KNOWLES—Yes, I just thought it was fascinating. What are your average fees across your centres?

Ms Schneider—There is a fair range actually. Our largest centre has managed to contain the fees fairly well. I will just look at the latest figures that I have. On this section they range from \$140 to \$172.50 per week.

CHAIR—Senator Knowles, are we receiving that as evidence?

Senator KNOWLES—You can, but I need it back.

CHAIR—Understood.

Senator KNOWLES—I will get you a copy.

CHAIR—Thank you for that. I thank the representatives of the Lutheran Church for attending today.

[3.21 p.m.]

McINNES, Ms Elspeth Margaret, Co-Executive Officer, National Council of Single Mothers and their Children, Torrens Building, 220 Victoria Square, Adelaide 5000

BUCKLEY, Ms Kay Susan, Co-Executive Officer, National Council of Single Mothers and their Children, Torrens Building, 220 Victoria Square, Adelaide 5000

CHAIR—I welcome representatives from the National Council of Single Mothers and their Children. I now invite you to make a short opening statement summarising your views on the issues. This should not be a repeat of your formal submission, a copy of which is before the committee. At the conclusion of your remarks I will invite members of the committee to put questions to you.

Ms Buckley—NCSMC has collected information from all over Australia in putting together our submission. We collected that information through personal interviews with our people who use child care, through feedback from our member organisations, through teleconferences, and through a number of focus groups that happen nationally. What we hear from women using child care, particularly single parents, is concern over the withdrawal of operational subsidies to community child care centres which is making child care unaffordable for single parents.

We hear concern over the erosion of working conditions and opportunities for single parent child care workers in the child care industry. We hear concern for the quality of child care in the community child care centres, that that is suffering. We hear dismay that the government is withdrawing its support from community child care services, which are like other services, like health and education, where governments must take responsibility for social justice and equity reasons.

We hear concern that child care is being thrown to the marketplace. Child care does not fit. There are benefits for the government in increasing support for our community child care services; that is, from tax revenue when people are unable to work, through savings in welfare payments, the benefits of having women in the work force where they can make the most of their skills and education and also employers are able to retain skilled staff who are expensive to train and recruit.

We also hear evidence of inappropriate practices in unregulated care which are extremely worrying and which are escalating. This is the kind of care which is not exposed to the accreditation system. We hear disturbing incidences which involve child sexual abuse in unregulated care and these are becoming extremely alarming. There are also other instances of inappropriate practices which I will detail: tying down children, using the television as a baby-sitter; using older children in the family as short-term baby-sitters; mismanagement of medication; mismanagement of medical treatment; and unclear care-giver boundaries.

A larger number of children are minded to increase profit. In one instance there were 18 children under nine under the care of one care-giver. There are also instances of inappropriate mixes of children's age groups, children being kept outside all day, even in inclement

weather, children being restricted to one room in the home, and parents being threatened with charges for breakages within the family home, which can be financially devastating for single-parent families.

I feel, and so does my organisation, very passionate about the direction that child care is taking today. I have got three children, the youngest is two, and I have used all kinds of child care over my career as a parent. But, putting that aside, I feel that as a citizen in this community I need to know that other people's children are having their needs responded to and that they receive appropriate care in our community. NSCMC recommends ensuring the continuing viability of community owned and based services through operational subsidy, improving the affordability of formal care for low income families and extending quality assurance measures across all child care services.

Ms McInnes—If I could just briefly add to Kay's opening statement: one of the things that I would like to reflect on to the committee is an increasingly apparent class divide for parents and children—that is, parents who are both in the work force. Two-parent families with both parents working are the population who inhabit child care centres. They are the ones who can afford it. The people who are our constituents, who are single parents, who are largely living in poverty and are the most vulnerable family group in society to poverty, are restricted to home based care, either family day care or unregulated care because of the cost.

Centres offer wider social opportunities for children; they offer better equipment, they offer specialised environments, they offer trained staff, they offer accreditation, they offer facilities that are unavailable to them at home. There is a clear difference in the quality of care across the board; that is, home based care is systematically unable to be as comprehensive in relating to children's needs as centre based care, from that whole range of indicators. That is not to say that there are not family day care providers who are excellent and who do wonderful jobs; nevertheless, across the board, we are seeing that there is this real division as to who gets centre based care and who gets unregulated or home-based care, even if it is regulated. That is the main point I wanted to make.

I wanted to keep it fairly short but I will just pick up a point that Senator Knowles brought up about the 50-hour form and its workability. One of the issues with that form is that people working over 50 hours a week do not have the same pattern of work, necessarily, week in, week out. The way the form is structured is it says, 'What are your working hours?' and it assumes that that pattern will continue and persist over time, unchanged. That is quite often not the case with people needing to access over 50 hours a week. It is quite often a response, for instance, if they have to go interstate and attend conferences or if they have particular courses they need to go to but which will not continue on past a certain time.

The form is designed to meet a particular pattern that is not necessarily manifesting in people's lives and, therefore, it is not a very workable form in terms of recording those kinds of details, and for that reason it becomes complex. It is hard to fill out properly if your pattern of working does not meet the form.

CHAIR—Thank you, Ms McInnes. We will go to questions.

Senator KNOWLES—You mentioned that parents have moved out of the paid work force. I am just wondering what are the circumstances where people are moving out of the paid workforce. Do you actually advise people in some circumstances to do so?

Ms Buckley—No and yes. It can be a situation where, let's say, a parent takes on work. Often single parents will have several attempts at joining the work force after a relationship breakdown. Because it can be so chaotic in the first few weeks of actually taking on work, they will leave because their family systems are not set up. Often single parents will begin their lives as single parents in a great deal of debt, and they will be making attempts to pay that off and so child care becomes not affordable. A lot of the parents that we spoke to seem to be paying between 18 and 25 per cent of their entire incomes in child care and that can make it prohibitive.

Ms McInnes—No, we do not advise them to leave, by the way.

Senator KNOWLES—I am interested to hear that, because people on \$25,000 a year get at least 75 per cent of their child care paid for, so I am not too sure where you get that figure that you just quoted. But what concerns me—and I do not know if you were here this morning when I was showing the labour force female participation rates—is that the seasonally adjusted figures from January 1995 to February 1998 have basically remained the same. I know you are not just talking about women, you are talking about single parents but the participation rates have remained basically unaltered.

What also concerns me—and it goes back to an article that was in the *Canberra Times* and given wide publicity last year some time—was a lady who gave up work because she said she could no longer afford it. I have done some figures here, and a sole parent with one child—if they are working full-time and say, only earning \$27,000 a year—ends up, after all of the child care costs and everything else, with a net disposal income of \$24,799. If they are working only part time and earning, say, \$16,000 a year, they end up with a net disposable income of \$22,500. But if they give up work and go on the pension and do not have to pay child care, they end up with a net disposable income of \$15,500.

I get very concerned that there are a number of people who are giving up work because of child care costs when in fact working full time they would be nearly \$9,000 a year better off; part time they would be nearly \$7,000 better off, and the same relativities apply if they have got two children who would be in child care. My question to you is: what is the benefit of people actually giving up work, particularly those people you referred to who have sometimes incurred debts from previous arrangements? What is the benefit of people giving up work when in fact they would be better off with all the other allowances accumulated and still paying for some of the child care?

Ms Buckley—I would say there is probably also the emotional costs that are involved in working, and the consequent role overload that sole parents take, which is quite different from a couple-parent family's response to figures like that. Sometimes sole parents often do not have cars and they have to catch two and three buses to access child care. They get to work, they work all day, they then catch two and three buses to get all of the children home. They then have to begin all of those other parenting responsibilities that one parent has to

shoulder, and I guess they would be then looking at that kind of financial reward as becoming less significant.

Ms McInnes—I would add also that there are other costs involved in working, apart from simply child care, and we are looking at the cumulative costs of working. I would also point out that our sole parent statistics on work force participation showed that sole parents are far more likely to enter the work force as their children age; that is, as they come out of child care. Further, the income you quoted of \$27,000 is not the typical income of the constituents that we see. Even \$16,000 for part-time work is on the generous end of the kinds of incomes—

Senator KNOWLES—That is only three days a week.

Ms McInnes—Certainly, but we are also looking at female wage rates and they are lower than the average male weekly earnings as well. So the kinds of relativities that you are talking about there do not take into account the on-costs of working, apart from child care, or they might reflect an average kind of earning picture—that is, a mean average—but perhaps not a mode. Is the mode the one where most people fall?

Ms Buckley—Median.

Ms McInnes—Median?

Senator KNOWLES—But, Ms Buckley, what you are saying to me is that in a lot of these cases where people give up work it is actually a personal lifestyle choice as opposed to the impact of specifically child care fees.

Ms Buckley—I think cost and placement and finding the right kind of child care accessible to you is certainly a big part of it, yes.

Ms McInnes—In stating the lifestyle choice, I think that discounts the parenting role just a tiny bit, in that they are balancing the family's needs—income, emotional, social. All of those needs are being balanced, and we cannot simply reduce it to a lifestyle choice. It is about the kind of quality of life for that family, and the kinds of futures available to the children.

Senator KNOWLES—But the impression that is being given all the time in the media, and from what I understand in this hearing, is that people are basically giving up work because they can no longer afford child care. What I am trying to demonstrate is through just some very small examples, of one child-single parent, and two children-single parent, where they have got an option of full-time or part-time work—and, sure, you can play around with the figures at the fringes.

If you say that \$16,000 is more than some part-time people would get—as I say, that is only for three days. The differential for, say, a two-child parent is \$8,000. On \$8,000, even if you say they are earning a bit less than that, they would be paying less tax and they would still be getting the benefits. So the differential would still be about \$8,000. I find it difficult

to reconcile that they are actually giving up work solely because the child care fees are prohibitive.

Ms McInnes—I do not think it is reducible simply to the fees, but also, as Kay pointed out, the kind of care that one can access. If a community based centre's fees become, in that parent's view, relatively unaffordable, and they switch, for instance, to home based care and for one reason or another—and we detailed this in the submission—that home based care can fall over quite suddenly and you can go through a succession of caregivers. That kind of situation might start to have costs that outweigh the benefits. It is not only reducible to income.

Senator KNOWLES—I have spoken to a lot of women who have been advised to give up work because they then do not have to pay the child care fees, without being told that they are going to be actually worse off in net value. I think that is pretty sad, because at the core of it they want to provide a better lifestyle for themselves and the children and they are not being informed of the other side of it.

But if I can move on: quality child care places are becoming harder to access, according to your submission here. I asked the state government today if there was any evidence of child care centres being at risk of closure because they failed to meet the regulations, and the state government said they were unaware of any such claim or any such position. Are you aware of any centres that are in jeopardy of losing accreditation because their quality has dropped?

Ms Buckley—I am aware of centres having to amalgamate because they cannot support that level of quality at the moment. I think that has a danger of affecting the quality of one centre or the other.

Senator KNOWLES—But are you aware of any centres that are actually closing? The choice of amalgamation has always been there. They can amalgamate if they want to, if they feel that they are going to provide a bigger and better service, or whatever. But why is it that when the community centres are increasing their fees there is a claim that the quality is reducing, when the private centres are not increasing their fees and there is no corresponding claim that their quality is reducing?

Ms Buckley—The quality of care is always an issue, because parents can be involved in community centres and they may or may not know what the level of quality is of the centre that they are using. But I think when centres are operating for profit they tend to cut corners, and that is often not always apparent. I can see differences between private centres that often have lots of concrete and no grassed areas, for instance, and things like that, because they are actually just easier to maintain that way.

Ms McInnes—A point I would make is that not all community based centres have achieved accreditation in South Australia. That accreditation is still a sporadic manifestation amongst community based child care centres, so we are still looking at centres actually obtaining that accreditation rather than losing it. The kinds of choices that centres were able to—

Senator KNOWLES—Sorry, can I just stop you there. Why are they running if they are not accredited centres?

Ms McInnes—You do not have to be accredited to be open. It is around this kind of thing of, ‘If we are accredited then we will be perceived as a preferred source of care.’

Senator KNOWLES—What is the percentage of the total number of community centres that have not got accreditation?

Ms McInnes—I could not give you an answer to that, I am sorry. It is not my specific field. I do know that some have achieved it and are very proud of it; others are still working towards it. But I would not say it is a blanket achievement of all community based child care centres. Community based child care centres, as Kay pointed out, used to have parent management and were able to make a lot of choices around the kinds of quality care that they would do, which would include staff ratios. Some centres might have decided to have a better staff ratio than others. It has to do with the way that feeding the children is handled.

Some are able to keep their costs down because their parent population agrees to bring the children’s food themselves and bring their lunches. Others employ cooks, for instance, and provide food. Those kinds of choices around what the centre is going to do have to do with the population and the demands of parents. Parents actually have a strong input, rather than simply coming along to a service which is commercially provided and, as it stands, you have that.

What those community based centres are having to do is to consider: in this new environment how can we survive and what kinds of choices are we going to have to make? Sometimes where they had previously opted for a higher quality standard of service they are now having to withdraw that higher quality standard of service, which has to do with the level of training of the staff you are able to employ, so there are more lower trained staff. It has to do with the ratio of children: you increase the ratio to the maximum. It has to do with the kind of ground layout: you cut corners on replacing equipment, and cut corners on the kinds of environments that you are able to provide. It has to do with the kinds of food servicing for the children: what kind of food, what nutritional content, what kind of delivery of that food. These are all the sorts of things that can be adjusted around costs, and they also affect the quality of the care. It does not mean that they fall outside accreditation; it means that they have lost a margin of choice around providing what they perceive to be a better level of care for the children.

Senator KNOWLES—The other thing that I question in what you are saying in relation to the private centres having, say, more concrete or this or that or whatever, is that the overwhelming majority of people still Australia-wide choose to put their children into private centres as opposed to community centres. So they cannot all be bad.

Ms McInnes—Yes.

Senator KNOWLES—It is fifty-fifty here in South Australia.

Ms McInnes—It also relates to what is available. In South Australia we have had a very strong community based development of child care centres. In other states that has not been so culturally apparent.

Senator KNOWLES—But it is still fifty-fifty here in South Australia.

Senator NEAL—No, it is not fifty-fifty.

Ms McInnes—I think it is higher than that here.

Senator NEAL—In the state government submission only 17 per cent of child care is private.

Senator KNOWLES—Anyway, I was just really ascertaining the reasons behind those two areas.

Senator NEAL—I am interested a bit in the profile of the single parents that you represent. There is a bit of profile in the media sometimes of single mums as 17-year-old kids with three or four children from different fathers. What is the profile of single mums in reality?

Ms McInnes—The Australian Bureau of Statistics locates the big lump in the 25 to 35 age group, and the majority have come in through divorce. I think we have only got teenage single mums down to about three per cent of the total single parent population. I have not got the figures on how many were never married or never in a de facto relationship. It is really hard to differentiate between those who were never in any kind of relationship and those that were in a de facto relationship on the kinds of statistics that the Australian Bureau of Statistics collects. They are simply designated as never married, which means they have never undergone a formal marriage ceremony, but they might have been in a de facto relationship for six years before they had a child. The statistics are really not reflective of the true situation; nevertheless, the teenage single mum stereotype is such a minority that it is very tiny.

Senator NEAL—I was involved in the child support inquiry, or the Family Law Select Committee, as it was known, and I remember back in my mind—and I would appreciate if you could confirm this—that 80 per cent of single parents with children under 18 had incomes of less than \$20,000.

Ms McInnes—Yes.

Senator NEAL—You have said that some parents were choosing to give up work as a result of increased costs in child care. I know there were some comments made by Senator Knowles about this, and I do not want to make this a debate: there have been studies done by a woman, Gillian Beer, from the Centre for Economic Modelling, which basically take into account all sorts of additional expenses—not just child care, but also loss of Social Security family payment and additional travel costs. Are you aware of that research?

Ms McInnes—No. We have not seen it, no, but it would be good—

Senator NEAL—Yes, you might want to have a look at that.

Ms Buckley—Yes.

Senator NEAL—Have you ever advised anyone to give up work for any reason?

Ms Buckley—I also work as a counsellor in community organisations—

Senator NEAL—I should not really ask because I do not mean in your professional capacity.

Ms Buckley—All right, as instrumentia census, no.

Ms McInnes—It would not be something we would see as appropriate to give advice on. The kind of way you would optimally work would be to encourage the person themselves to assess their situation in its totality and how it works for them and their family and their children.

Ms Buckley—At that point in time.

Ms McInnes—At that point. You see, some person sitting in an office saying, ‘This is what you should do,’ is the antithesis of appropriate counselling. The idea is to enable the person themselves to come to a decision that is right for them and is not tainted by what I think would be right for me in your place, or whatever.

Senator NEAL—Would you say, or do you believe it is true, that child care has become less affordable, because of the changes that have occurred in the last two years, for parents in the position that you represent?

Ms McInnes—Yes, certainly. One change that occurred fairly early on was when meal allowances were taken out of family day care and parents were required then to supply the cost of meals to carers in addition to the fees. The fees attract a subsidy, the meal allowances do not. Meal allowances for one child, depending on how many meals they are present for during the day, can amount to something like \$15 for one child on top of the fees, which are subsidised. We used to have a situation prior to that change where the meal allowance was included as part of the subsidised cost of care. Now that meal allowance is met entirely separately.

One of the things parents can do is supply their own food, and that creates its own difficulties where the caregiver does not believe that food is enough or appropriate nutritionally—for instance, a packet of biscuits and a bottle of cordial. The caregiver then enters into conflict about the kind of care that they have to provide. If they feed the child then they bear that cost because the parent will argue, ‘But I have given food.’ If they do not feed the child, they have to live with the fact that this child is not being appropriately nourished for the day. The people who are bearing that kind of cost—if the parent cannot or will not bear it—are either the caregiver or, ultimately, the child. That is another increase that actually has not been very visible within this inquiry, but it is another increase in child care at the lower

end of the market that has been really significant for a huge group, for our constituency, which as you note is the 80 per cent with incomes under \$20,000.

Senator NEAL—A particular issue that has not yet been raised in this inquiry, but was raised in an inquiry related to the Child Care Payments Bill by family day care providers, is the fee payable for school aged children outside the core hours. Is this an issue that particularly affects your membership, or is that not something that you have focused on?

Ms McInnes—It is not a large impact area because as children become older there are more options available, things like play-over at friends' houses, and staying on at school based activities. They become alternatives to entering formal fee based care. But certainly when women go back into the work force there is a big leap back in when the youngest child starts school, and a further leap when they start high school. Obviously that is a demand area in terms of usage of child care, but we have not specifically been receiving a great deal of commentary about that.

Senator NEAL—One other issue I wished to raise was in relation to outside school hours care. I am sure you are aware that there have been some changes effective as of Monday of this week. Do you have any particular comments on that issue?

Ms McInnes—The changes basically mean that more parents will not be using outside school hours care and vacation care as far as our anecdotal evidence is concerned. Sessions fees are doubling in the centres that I have spoken to. With vacation care, for example, you have got the cost of the care provider but then often there is also excursion or resource material fees on top of that, and they are unsubsidised. Our constituency of course takes advantage of the JET scheme wherein there is a provision for free child care for outside school hours care.

Senator NEAL—While they are being trained?

Ms McInnes—While they are being trained or for six months after entering the work force. That has been excessively helpful to single parents getting into the work force. The changes that came in on Monday will in all probability jeopardise that but I have not actually got figures on how that will change—whether there will still be access to some free period of grace for parents getting into study or into the work force under the new changes.

CHAIR—Thank you to the representatives of the National Council of Single Mothers and their Children for attending the session this afternoon.

[3.52 p.m.]

FENECH, Mrs Janet, Chair, Choice for Families National Association, 25 King George Avenue, Brighton North, South Australia 5048

D'AUVERGNE MALE, Ms Julie Anne, Senior Adviser, Choice for Families National Association, 3 Joan Avenue, Glengowrie, South Australia 5044

RANSON, Mrs Ann, Member, Choice for Families National Association, 29A Caloroga Street, Wattle Park, South Australia 5066

DICKSON, Mrs Trudy, Member, Choice for Families National Association, 19 Craighburn Drive, Flagstaff Hill, South Australia 5159

CHAIR—I welcome representatives from the Choice for Families National Association. Who is going to lead off with your comments?

Mrs Fenech—I will start. Thank you for this opportunity to speak this afternoon. Our organisation is addressing the following item in your inquiry, item D, the effect of child care subsidies in the form of Childcare Assistance and the Childcare Rebate being available only for families who contract out their child care to others and not to those who provide child care at home.

This pivotal issue needs to be addressed in order to see how to fund child care in the future. Choice for Families formed spontaneously as a single issue group right across Australia in 1994 as a direct response to the introduction of the Childcare Rebate as it discriminated against the parents at home. We represent a diverse and large group of people who have come together volunteering their time and money to this cause as we have a deep and heartfelt conviction that parents should have a choice with equity with regard to their child rearing.

I just briefly mention the current situation. We have the family payment which aims to help offset the cost of raising your children. For most families it is the minimum payment of \$11.75 per week per child. This was originally non means tested and available to all parents. It is now means tested and cuts out for families on incomes over around \$65,000. We also have the parenting payment, and several recent name changes have resulted in some confusion over the true nature of this payment. Originally it was a dependent spouse rebate.

That was a horizontal tax equity measure recognising that people on the same income, but having different callings on their income due to their different family circumstances, were treated differently. That meant that, when a couple were sharing one income, a tax rebate was given. This moved into the social security system in 1994 as the home child care allowance and is currently called a parenting payment. It is paid to the non-earning spouse at the rate of \$32.60 per week and it is stringently means tested.

These two meagre payments are in stark contrast to the child care allowance and Childcare Rebate available for parents who are using paid child care. The child care allowance is

up to \$95 per week per child and is payable to families on incomes up to \$94,000 per annum. It should be noted that Centrelink does not have any other payments going to families on this high income bracket. The Childcare Rebate is up to \$63 per week and for families on incomes over \$70,000 it is up to \$42 per week. The Childcare Rebate is the only payment from Centrelink which is payable to all families irrespective of their income. There is no upper income limit. The only proviso is that both parents are in paid work and have work related commitments. These two payments, as you know, specifically exclude parental care.

So we have a current system which is divisive. Parents who opt for paid child care receive considerable financial assistance whilst those who stay at home or juggle their work commitments and parenting responsibilities without using paid child care receive comparably very little. We are just here to have this issue addressed.

CHAIR—Thank you, Ms Fenech. Anyone else wish to contribute on that issue?

Ms D’Auvergne Male—Yes. Can I just tell the senators that we have two people here today, members of Choice for Families, who have come along with their anecdotal evidence, I suppose, should the senators wish to inquire of such regarding children who are not suitable for child care, so these people cannot access the system.

CHAIR—I am sorry, I did not quite understand what you were saying there.

Ms D’Auvergne Male—Often parents who are members of our organisation are so because they do not intend or wish to access the system due to the fact of the unsuitability of their children for the system, for one reason or another. It could be illness, social unsuitability for whatever reason, and just generally not suiting the parents.

CHAIR—They are children that have particular concerns.

Ms D’Auvergne Male—The parents have concerns, yes, but should the senators wish to ask some questions in a minute, they may like to access that information. From the outset, the argument for child care has been based on a false premise. Child care terminology is not an issue for children but for adults, primarily women. Unfortunately those who sought to improve the economic and social position of those with child-rearing responsibilities did so selectively; that is, without due regard to the needs of those in the sector. They argued, and it has been accepted quite wrongly, that child care is work related expense. It is not.

All parents with dependent children require child care in one form or another. For those with full-time paid work or careers, this usually means a sizeable outlay for full-time paid care. For those with part-time work it often means juggling child care arrangements with a mixture of paid and non-paid care and a reduced income. For those who choose to rear their children without recourse to other carers, this means relinquishing one full-time income. No child care is free, there is always a cost to someone, and while it will be argued that child care fees are costly, the cost of relinquishing an income is higher.

Choice for Families would ask the committee to note in evidence that more recent long-term studies have indicated many children, particularly those under three, experience

problems as a result of separation from parents at an early age. This information is of special relevance to this inquiry into child care funding for it means that those governments who elect to resource ordinary parents primarily by Childcare Rebates and subsidies may be acting against not only the wishes of many parents but also the best interest of many young children. That notwithstanding, Choice for Families supports the position that safe and affordable child care is a necessary feature of a modern economy.

Current payments for child care discriminate in favour of those who use full-time care. In doing so they firmly entrench the view that the work of caring for children oneself is both unproductive and non-contributory, a kind of self-indulgent luxury. It is very clear from the structure of current payments exactly who has the ear of government. Given the choice, almost all young children would choose to be cared for by their parents. It is the responsibility of government to maximise and enhance the opportunity for parents to choose what is best for their children, not to discriminate and financially penalise those children and those parents for whom formal child care is not an option.

This inquiry into funding for child care needs to take account of other factors which are contributing to a demand for child care; the very serious deterioration in the financial position of parents with dependent children, which has occurred over the past 20 years; the inability of parents to compete in a society against those without dependants. This inquiry was convened to examine the effect of funding cuts upon the sector. Choice for Families is here to represent those thousands of parents whose needs and expenses have been ignored by the architects of the current system. Serious substudies, which have had children as a focus, clearly indicate that the home is the best environment for very young children.

Despite this, we have now arrived at the very incredulous situation where every alternative system of child rearing is supported by government, except that in which parents wish to care for their own children at home. Critics of the current system point to the fact that funding does not follow the child but rather it is the parent who qualifies. Available money for children in the case of child care subsidies circumvents parents. Available money for children is not being distributed equitably. Child care advocates have argued that child care is the responsibility of government. Strong arguments have been made to this inquiry about the affordability of child care for parents; affordability to government is also a serious issue. If child care is to become a financial black hole for government, cost cutting in other areas can be expected to seriously affect the financial position of all Australian parents.

It has been stated that current problems facing child care are insoluble under the present system. Given the mind-set which now exists, prioritising as it does funding for parents via child care subsidies and rebates, the now very wide criteria for eligibility for child care, the opportunity for financial abuse of the system due to money which circumvents parents and recent issues of raised standards for accreditation which are affecting costs, it is difficult to disagree. In short, government has engineered a problem for which there appears no workable solution based on existing conditions. I will leave it there due to time constraints.

CHAIR—Thank you, Ms D’Auvergne Male. Do you have a contribution, Mrs Ranson or Mrs Dickson?

Mrs Ranson—Perhaps I can just say fairly quickly that I come from a fairly typical situation, I think: my husband is a pay-as-you-earn worker and we were struggling to get by on one income and so I pursued paid work and I have tried family day care, private centres, community day care centres and nannies and my children just simply do not like all of those arrangements. They are just unhappy there. It is not that they are maladjusted or anything like that, as far as I can tell; they just prefer to be at home in my company. I suspect they just like the informal structure and like going out places in the car—just everyday things. We have really struggled to get by. I have had a combination of things. I have gone through a lot of rigmarole for access to Childcare Assistance and Childcare Rebate and so on and I have just found it all very difficult.

Mrs Dickson—I would just like to tell the committee that after my second child was born I decided to return to the work force part time. My children were placed in government subsidised care and they suffered many illnesses. They had behavioural problems and, although I cannot say they were unhappy, I was certainly dealing with colds and ear infections which meant that my attitude to my work was affected. I would wake up in the morning not knowing whether my children could go into the care or not, because you cannot take a sick child into care.

I made the difficult decision to give up a well paid job and be a full-time stay-at-home mum. I feel that the current system is so unfair that I am not being supported financially in that decision. I see so much money being paid in the form of rebates and subsidies to various incomes for other families who choose to put their children in formal care. For me, that is not a choice. I am staying at home with my children and I am not being supported. There is no funding for a person who stays at home but there is a lot of choices of funding for people that go into formal work.

My work is just as valuable and I would like to see the status of that raised by some sort of equality in the rebates. I do not understand why a parent who is looking after their children should get less than a formal carer looking after those same children.

Senator NEAL—Firstly, I have a couple of questions to Mrs Dickson. If you could find child care that was suitable to your children, would you prefer to be working?

Mrs Dickson—No, I do not think I would prefer to be working. I do enjoy being at home, but I do not enjoy the social stigma of going out and someone says, ‘And what do you do?’ and I say, ‘I’m a stay-at-home mum’ and that is the end of the conversation, as though I do not have any worthwhile work. My work is worth while and I consider it work.

Senator NEAL—Do you feel that the only way of you being valued as a human being is by increasing payments to you? Is that correct?

Mrs Dickson—Not increasing payments but to make me equal with the people that are indirectly getting payments. Yes, I need to be equal.

Senator NEAL—What I am saying is: do you feel that the only way your value is measured is by the amount of payments made to you?

Mrs Dickson—Not the dollar amount. If all Childcare Rebates were rescinded, if nobody got rebates for child care, then I think I would feel equal and I would feel just as worth while as a parent who chooses to go into the paid work force. I am not talking dollars, I am talking equality—and I do not feel equal. The bottom line here is dollars but that is not my issue.

Senator NEAL—I am not quite sure. I thought your concern was that parents who went to work received more payments than you did. Isn't that what you said?

Mrs Dickson—Yes, they are. With their children in child care they are, yes.

Senator NEAL—Is that your concern?

Mrs Dickson—Yes.

Senator NEAL—I am just trying to get exactly what the concern is.

Ms D'Auvergne Male—Can I just speak to that as well? This situation has come up any number of times within our organisation from all parents who contribute to the organisation. I think the issue about payments and dollars, as Trudy said, is not really the issue. It is what it denotes. It is what it is saying about what government thinks about what you do. Government is supporting this role. Yes, if you go into paid work, you are worth supporting. If you do not, then you are not. It is clearly evident from the structure of the payments that has been what has been lobbied for and what has been accepted by government up to now. That is what has caused so much division within Australia about the people who are in paid work and people who are not in paid work.

An unfair thing to do to those people was to put people in paid work in the situation where they were receiving moneys that they were not. It immediately caused a division about whose work was worth what. Government have clearly indicated that they were willing to fund money for children via child care subsidies and rebates, but they were not willing to pay that money to all people on equivalent incomes who had children. If you did this, then this happened; if you did that, then that happened. That is basically the situation as it stands today: rewarding one choice and penalising another.

Senator NEAL—I would say at the outset that I accept that each parent, whether male or female, has the right to choose or should have the right to choose whether they wish to stay at home or they work. They should equally be valued. I suppose I do not accept really the view that the value of the person is determined by how much they get paid.

Ms D'Auvergne Male—That is not what is being said.

Senator NEAL—If that is not being said, then that is my difficulty, but I think to translate people's value into monetary terms is always a little dangerous.

Ms D'Auvergne Male—I am very concerned that is what you have taken from what Mrs Dickson has said. That is not what she is saying. She is saying that government—not this particular government necessarily but all government—has sent out a very clear message that

they wish parents to be in paid employment—‘If you do this, you will be rewarded and money will flow this way. If you choose not to do that, if you choose to care for your children at home, this decision will not be supported,’ and it is not.

Senator NEAL—We might move on to that exact issue. Quite aside from whether you actually determine people’s value by payments made by the government—just going to the issue of whether there is an imbalance and whether it is true that the particular model is rewarding one more than another—I think it is true that one particular model is rewarded more than the other but certainly that is not in the way that you believe. Since 1996 there have been two changes in social security payments and tax to provide further assistance to families who choose to have one parent remain at home. One was the tax initiative, which was fairly minor.

Ms D’Auvergne Male—Yes.

Senator NEAL—But it was a slight increase. And, secondly, the decrease in Childcare Assistance and operational subsidy, and all the \$820 million cuts to child care, disadvantage parents who actually have their children in care. I will read to you from an EPAC report that was done in 1996. It will just give you an outline of what sort of modelling they did. Do you know the EPAC child task force?

Ms D’Auvergne Male—Yes.

Senator NEAL—The task force analysis used examples of low primary income earners—that is \$380 per week—middle primary income earners of \$760 per week and high primary income earners of \$1,520 per week and explored the effect of secondary incomes of \$0, \$250, \$300 and \$400 and \$450 per week on household income. Assuming a standard child care fee of \$160 per week—and I think that \$160 is still fairly much in the ballpark—they examined the total impact of Childcare Assistance, Childcare Rebate, family payment, parenting allowance and the family tax initiative and concluded:

In virtually all real-world examples, total payments would be less for parents in the workforce than for parents not in the workforce.

Ms D’Auvergne Male—We would have to disagree with that vehemently. The reason that we stated before was that if someone chooses to remain outside paid work in order to care for their own children, they are relinquishing an entire income in a society that requires virtually two full-time incomes for a family. No amount of child care fees are equivalent to relinquishing a full income—none.

Ms Fenech—I would have to say that people on a single income of up to \$24,000 get \$95 per week per child in child care. You might be looking at the additional family parenting payment, which is up to \$130 per week. That is for families on incomes of about \$13,000 per annum. Once they hit around \$22,000, \$23,000, they are back to the basic family parenting payment, which is around \$32 per week. Except for the very poorest families, they are on a parenting payment of around \$32 per week.

The current family allowance, which used to be called the child endowment, is available to all families. It is just a means-tested payment, but it is only \$11.75. The child care subsidy is only available if you are using it to pay child care. There is no other payment in the order of \$95 per week per child for a family on \$24,000 or \$25,000 a year.

Senator NEAL—I have not sat down myself and gone through and added up. You also have to remember that it is not only what you get, it is what you lose as your income increases. But I have looked at just the conclusions drawn by the EPAC report, plus the conclusions drawn by Gillian Beer's research, and both of them say quite the opposite to the conclusions you have drawn. I will give you an opportunity to speak in a moment. If you have sat down and worked out a model, feel free to provide it to us and we can have a look at it at length. But I am not aware of any sort of exhaustive research in a similar vein that has been done that supports the view you are putting. If you are aware of any of that sort of research, please feel free to direct us or provide us with copies of that and we can have a look at it.

Ms D'Auvergne Male—We can certainly do that. You mentioned Gillian Beer's report. There was an extensive report done on Gillian Beer's report which, to paraphrase, said that it is a government problem to look at the maximum payments and then unfairly conclude that all parents are receiving those payments. The real situation is that a smaller number of parents are invariably receiving most of the payments and to a medium to larger extent the ordinary parents are receiving very much less.

We were discussing the \$11.75 family payment, or whatever it is they call it these days, which is the sum total which most families receive for their children. I am talking about ordinary families on average weekly earnings, one and a half times, et cetera. They are the bulk of the tax-paying families in Australia. They pay for services which they cannot access themselves. When we are paying out amounts to the order of \$95 a week in subsidies to parents, our organisation has argued that all parents on similar incomes should have equitable access to that money. It is not for government to be deciding that if you choose this method of child rearing for your family—and in our case would have to relinquish an income to do so—that you shall not access that money and that those people who make the decision to put their children into formal care do have access to the money.

I repeat again that it is a fault which happens in committees and various other things. I can get and send you the documentation on this, which suggests that it is a mistake to assume that all of these payments are available to everyone. They are not. Most people are receiving very minuscule amounts of payments. I can certainly send that to you.

CHAIR—I thank the representatives from the Choice for Families National Association for attending this afternoon. This meeting is adjourned until tomorrow in Perth.

Committee adjourned at 4.17 p.m.