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COMMUNITY AFFAIRS REFERENCES COMMITTEE

Reference: Childcare Funding

TUESDAY, 16 JUNE 1998

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SENATE
COMMUNITY AFFAIRS REFERENCES COMMITTEE

Tuesday, 16 June 1998

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

Substitute members: Senators Gibbs and Woodley

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

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

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

AMIES, Mr Trevor John, Owner/Licensee, Joey's Child Care, PO Box 159, Fortitude Valley, Queensland 4006	546
ANDERSEN, Ms Rosaleen Mary, Director, Windsor Neighbourhood Child Care, c/- Catholic Social Response, PO Box 392, Lutwyche, Queensland 4030	598
BALDERSON, Ms Juanita	523
BRIDGE, Mrs Gwynneth May, President, Child Care Industry Association of Queensland, 32 Park Road, Milton, Queensland	577
BUCK, Mr Christopher, President, Child Care National Association, PO Box 349, Albany Creek, Queensland 4035	587
CARRICK, Mrs Myolene Anne, Programs Director, Catholic Social Response and Queensland Churches in Child Care, GPO Box 282, Brisbane, Queensland 4001	598
COOK, Mrs Toni Lee-Anne, Treasurer, Swallow Street Child Care Association Inc., 143 Swallow Street, Inala, Queensland 4077	523
.....	546
DEER, Ms Michelle	523
GROVES, Mr Eddy	523
HARNETT, Ms Linda Dianne, Steering Committee Member, Queensland Child Care Coalition, PO Box 306, Red Hill, Queensland 4059	533
HARVEY, Mr Neil Thomas, Steering Committee Member, Queensland Child Care Coalition, PO Box 306, Red Hill, Queensland 4059	533
HEIDRICH, Mrs Margaret, Director, Swallow Street Child Care Association Inc., 143 Swallow Street, Inala, Queensland 4077	523
.....	546
HICKEY, Ms Margaret Joan, President, Family Day Care Association Queensland Inc, PO Box 373, Cannon Hill, Queensland 4170	533
HUNT, Ms Lynette Joy, Early Education Consultant, Creche and Kindergarten Association of Queensland, 14 Edmondstone Street, Newmarket, Queensland 4051	565

IRVINE, Ms Susan Lee, Manager, Quality Standards Unit, Office of Child Care, Queensland Department of Families, Youth and Community Care, PO Box 806, Brisbane, Queensland 4001	605
KAFOA, Mrs Lynne Veronica, Vice-President, Family Day Care Association Queensland Inc, PO Box 373, Cannon Hill, Queensland 4170	533
KEMP, Mr Martin	523
MOBBS, Ms Jennifer Jean, Director, Early Childhood Care Division, Queensland Churches in Child Care, PO Box 508, Kenmore, Queensland 4069	598
MUNRO, Ms Georgie, Parent User and Treasurer of Management Committee, Beenleigh Family Day Care Scheme, 81 City Road, Beenleigh, Queensland 4207	546
O'LOUGHLIN, Ms Margaret	523
O'LOUGHLIN, Mr Peter, Parent Representative and Member of Advisory Commit- tee, Tufnell Child Care Centre, 228 Buckland Road, Nundah, Queensland	523
.....	546
PATANE, Ms Maree	523
PATERSON, Ms Danielle	523
PENNY, Ms Debbie, Director, Kurilpa Child Care and Preschool Centre, 164 Boundary Street, West End, Queensland 4101	546
PERDRIAU, Mr John William, Proprietor and Director, Southport Children's Educational Centre, Woodford Street Childcare Centre, Rosewood Early Education Centre, c/- 27 Yacht Street, Southport, Queensland 4215	546
RADICH, Ms Judy, Deputy President, Australian Early Childhood Association, Knox Street, Watson, Australian Capital Territory 2602	565
RAINERI, Ms Anna Maria, Director, Tufnell Child Care Centre, 228 Buckland Rd, Nundah, Queensland	523
.....	546
REED, Mr Bob, Research Officer, Australian Liquor Hospitality and Miscellaneous Workers Union, Queensland Branch, 74 Astor Terrace, Spring Hill, Queensland 4000	533
RIDGWAY, Ms Patsybeth, Executive Officer, Family Day Care Association Queens- land Inc, PO Box 373 Cannon Hill, Queensland 4170	524
.....	533
ROSS, Mrs Marianne Margaret, Manager, Manly West Childcare, 11 Charles St, Thorneside, Queensland 4158	546
SHANNON, Ms Narelle Mary, Director, Branch Child Care Centre, Creche and Kindergarten Association of Queensland, 14 Edmondstone Street, Newmarket,	

Queensland 4051	565
SNEDDEN, Ms Frances	524
STAMP, Mrs Leigh, Managing Coordinator, Beenleigh Family Day Care, 81 City Road, Beenleigh, Queensland	546
STAPLETON, Mr Kevin Noel, Vice President, Child Care Industry Association of Queensland, 32 Park Road, Milton, Queensland	577
TOMKINS, Ms Elizabeth Anne, Committee Member, Family Day Care Association Queensland Inc, PO Box 373, Cannon Hill, Queensland 4170	533
TURNER, Ms Wendy Christine, Steering Committee Member, Queensland Child Care Coalition, PO Box 306, Red Hill, Queensland 4059	533
WALSH, Ms Prue	524
WARD, Ms Vicki	524
WHITAKER, Ms Susan Rosemary, National President, Australian Early Childhood Association, Knox St, Watson, Australian Capital Territory 2602	565
WILLS, Mr Michael, Director, Office of Child Care, Queensland Department of Families, Youth and Community Care, PO Box 806, Brisbane, Queensland 4001	605

Committee met at 9.05 a.m.

ACTING CHAIR (Senator Knowles)—I declare open this public hearing of the Senate Community Affairs References Committee. The committee is continuing to take evidence into matters relating to child-care 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 to 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. To allow this segment to run in an orderly manner, please stand up to indicate that you would like to speak and wait until the microphone has been passed to you. I will then call on you to identify yourself for the *Hansard* record, before you address the committee. To allow as many people as possible to have the opportunity of speaking, please restrict your speaking time to three minutes.

I also remind everyone that the giving of evidence to the committee is protected by parliamentary privilege. However, I also remind everyone that the giving of false or misleading evidence is a potential subject of a breach of parliamentary privilege. I call on anyone who wishes to make a comment to proceed. I am not surprised that there may not be people who wish to talk in this segment, since many of you present here are in fact to give evidence at a later time, and so we are not necessarily alarmed if people do not jump to their feet at this time; but, if there is anyone who would like to give evidence at the moment, please do so.

Forum Participants**BALDERSON, Ms Juanita****COOK, Mrs Toni****DEER, Ms Michelle****GROVES, Mr Eddy****HEIDRICH, Mrs Margaret****KEMP, Mr Martin****O'LOUGHLIN, Ms Margaret****O'LOUGHLIN, Mr Peter****PATANE, Ms Maree****PATERSON, Ms Danielle****RAINERI, Ms Anna**

RIDGWAY, Ms Patsybeth

SNEDDEN, Ms Frances

WALSH, Ms Prue

WARD, Ms Vicki

Ms Deer—It seems that there are no other parents here to say anything, and so I would like to say I am a user of family day care and a child-care centre. I am a sole parent who just recently went back to 37½ hours on \$12.56 per hour, with a lot of travelling time

involved and with no car. After one week's work I thought I had done my sums properly and I thought I was going to be \$15 better off per week, after paying child-care costs and travelling expenses. At the end of the second week, I had not had to pay for before school care or after school care for my son; my 2½-year-old daughter was in 11½ hours of care per day; and, by the time I took into consideration putting money aside for some time I would like off every year, and before and after school care costs and more than 12 weeks per year of holiday care, I was actually worse off than if I had just stayed at home; and so I have quit work. I find it terribly depressing and I do not know whether to go and get myself a HECS debt and hope that I will get a better paid job at the end of it or just to stay home and look after my children. I would actually like to be working and contributing, because I think there is a social stigma attached to living off the welfare system. I find it very depressing that child-care costs are such a prohibitive factor. That is all I have to say.

Ms Paterson—I have been managing child-care services for about nine or 10 years now. I have a number of concerns. The first is the rise in what parents pay and what the government contributes. The previous woman has just given an example that it is really unfordable for women to go back to work. If a parent has two children in my service, on full assistance, they are looking at \$100 per week in fees, and it is really hard for them to pay that and to study or work on a low income. My fees have not gone up considerably in the last three to four years, but the gap for parents has, and it is making it really difficult for women to upgrade their skills or to return to work for any reason. That is my first concern.

My second concern is that, because the gap in using child-care fees in a serviced or licensed centre or in family day care has risen so substantially, people are using other alternatives. There are two alternatives that I see happening most commonly. The first alternative is the use of grandparents, and it is creating a lot of family stress. At least 10 per cent of my fees are actually being paid by grandparents, in preference to providing the care themselves, because they do not feel that they can provide equivalent care.

The second alternative is people using backyard care, which the federal government appears to me to support by the Medicare cash rebate. Anyone that is registered with Medicare by providing a tax file number can have a parent use that service and get a rebate, and they undercut licensed qualified care significantly, and there is no regulation, accreditation or standards. I am told that, in Brisbane, the increase in use of backyard care is over 90 per cent in the past couple of years. I am told of, and I know of, services that have in excess

of 20, and even up to 40, children in a single house. From my point of view, I see that the federal government supports that by providing a Medicare cash rebate to those families. My third concern is in relation to accreditation. I think that the process is great and I believe in the standards. What I feel is unfair is that long day care has to meet these criteria and standards but that other services do not. It is a duplication of work. Years ago, I spent my time with the children. Now I spend it managing paperwork, proving that I do the good job that I did years ago. I spend less time with the children and I feel that that affects the children's day. Years ago, I could do my work in 38 hours, not 50 or 60 hours. We cannot charge the parents more, because they cannot afford to pay it. They are my initial concerns.

Ms Ward—I have a three-pronged interest in this. I am a parent and a user of long day care, and I am a qualified early childhood teacher, currently on maternity leave as a director of a child-care centre. My family is also in a business, and so I function in some respects as a licensee of a long day care centre, as well.

I would like to confirm indisputably what both of these ladies have just said. We are located in a very low socioeconomic area of Brisbane, in Inala, which has the highest number per head of sole parents of any section of Brisbane. We are located next to a TAFE college, and so we have a large number of sole parents who are trying to get off welfare by doing study and who are having to fork out huge amounts of money for child care. I would also like to state that our centre has probably some of the cheapest fees anywhere in the state. So, before anyone says, 'The child-care centres are charging inappropriately', I would like to make that quite clear.

As a parent, I was supporting my husband through uni; and, when the 50-hour cap came in, my fees went up from \$40 per week to \$70 per week for one child, and \$3 of that was a centre increase. So the other \$27 was cut back in government rebate. I would also like to mention the 20-hour cap. We now have parents returning to work part-time in order to access child care. The reason for this is that, at a 12-hour centre in a warehousing area, on a fee of \$30 per day, a working parent pays \$14.20 for two days of care, while a non-working parent pays \$21.80 for two days of care. That is not our exact figure; that is just an example. You need to know that the 20-hour cap is actually doing the reverse. Some families I know of have taken up part-time ironing and that kind of thing, so that they can access the amount of care they require for their children.

We also have a large number of illiterate or low literacy parents who really feel that their children need access to care in order to promote their chances at school. A large number of

mainly Vietnamese families and some others have pulled their children out altogether since the 20-hour cap came in, including children who are going into year 1 next year but who cannot speak English. I have a lot of other points to make, but I will keep to that for the time being.

Ms Patane—Good morning, everybody. I am a mum. I have a husband and I have a two-year-old. What child care means to me is a facility where our daughter can go and interact with other children. We do not have any family in Brisbane, and so we do not have any other cousins that she could play with. We do not have any parents in Brisbane, and therefore Anna would be solely with us. More importantly, our social and economic policies have forced parents to go back to the work force and require child care and after school care. Subsidies have since dropped, and hours available in child care have subsequently dropped. Basically, all the fees that are gathered in child-care centres pay the salaries of staff. Fundraising and other forms of revenue raising provide better toys, books and things like that. Basically, child care should be regarded as a social and educational facility and should be provided with the same level of funding as other educational facilities that society requires.

The other issue is that a woman in the work force who decides to stay at home with her child, because either costs are too high or salaries are not high enough to pay for the funding, ends up in a cycle where, in five years time when the child does go to school and the mother wants to go back to the work force, that mother will have to take on a position with lower pay and skills than she previously had, because she has been out of the work force for five years. That mother may have spent six years studying various courses and may have got herself to a level where there is a great deal of job satisfaction, but then she is suddenly confronted with taking an ironing job. Those are basically my concerns as a mum. I believe that child care needs to be better funded.

Ms O'Loughlin—I also am a parent. My husband and I both work full time. We have two children: a four-year-old and a two-year-old. Since I went back to work when my youngest was six months old, we have been going backwards financially. We have minimal savings left and we are at the point that I am going to have to withdraw from the work force fairly shortly.

Our child-care costs are \$646 per fortnight for two children. That is about to go to up to \$680 because of fee increases in July. That is absolutely absurd for two children. My husband and I are fortunate enough, because we have done extra tertiary study—self-funded—to both be at reasonable levels in our employment; but I really have to take mine now and basically flush it down the toilet. I am very disappointed, because I love my work, and the child-care centre that our children go to is a very high quality one.

If I left the work force, we would then qualify for a family allowance and a parenting allowance. If we decided to have another kid—which we certainly could not afford—we would get a maternity allowance. My husband would get tax concessions. We would get rebates on our health cover, none of which we get now. So we are really going backwards financially. As well as that, the government would lose the benefit of my taxable income, because I am paying tax at the moment. Somebody who was a long-term unemployed person could not do my job, because I have had several years experience and, obviously, training.

I do not think, pertaining just to child care, it is a matter of giving parents choice. I think it is blatantly a matter of social engineering. Because of the fee increases at our community based full-time centre, I have done costings on family day care. For my husband and I that is not a choice we want to look at because of security reasons, but I can understand some parents prefer that. If we did that, it would be saving us \$120 a fortnight, so we now need to consider that as an option, yet it is not something we really personally prefer to do so. Thank you, but I will probably be leaving the work force soon.

Mr Groves—My name is Eddy Groves. I am president of the Queensland Professional Childcare Centres Association. I own a number of long day care centres throughout Queensland and Victoria and I am a father of two children in child care who are three- and four-years-old.

I just wanted to say briefly that I think the whole child care industry is in disarray and I believe it is in disarray because the government has not listened to the people and listened to their needs. The biggest concern is that, when the government were elected to power, they mentioned that they would not hurt the middle income worker or the people that are struggling or working hard for the country.

The direct result of this—and I have said this many times—is that families in Townsville that have worked for the armed forces were greatly disadvantaged by that 50-hour issue. No matter how much we spoke about it, the government would not change their mind because they said people could get an exemption if they needed more than 50 hours. It all came to the basis of charging practices for child-care centres. Child-care centres charge by the day. They always charge by the day because of the regulations that they are bound to and because of the staff that they have employed. They want to keep consistency for those staff and for the children, so they charge by the daily rate.

But the biggest thing that has probably come to light, which is good for this inquiry to hear, is the fact that we have a hotline out there that the government has introduced, which is widely advertised. They have spent millions of dollars on advertising this hotline. Here we have a situation where, when a parent enters child care and wants to know where is the best place to put their child, they can call this 1800 number and they are directed to the first place in the area.

The majority of time it is family day care. I would like to say that family day care is not a good service because it is not. The next is community based, the next is private long day care. If there are a lot of private child-care centres in the area you could be 19th and they might never find you.

I believe that has taken out the whole situation of what we have asked parents in Australia to do: to go out there and look for quality child care and make their own decision. But if a new parent calls looking for child care, where are they going to be directed to? Somebody could be 19 on the list—as one of my centres was in Toowoomba—and they are never going to get to that centre. That centre could be of the highest standard in Toowoomba, but that parent will never know because they have been driven there by the government.

I agree with what the lady said about social engineering. This is where the government's plan is and it is a disgrace. A parent should be able to choose and find out for themselves what is the best quality. When a parent comes to one of our centres we say to them, 'Do not enrol straight away. Look around the whole area. Find what you think is the best standard.' If they come back to your centre, then you know that they have made that decision on their own, and you will have that parent forever.

That is what this is all about. This is all about a level playing field for the whole child-care industry, and not just because the government says, 'We believe that this is the way it should go.' People's lives are involved—parents' lives, staff's lives. We have people that own these child-care centres that have come in; we have lots of people that are involved in this industry and the government has not paid attention to this. I am certainly hoping they pay attention closer to the election. It is a sad, sad state of affairs when we have gone a full circle in 10 years, especially in Queensland, when we have gone into this incredible standard, and now we are heading right back to backyard care.

That is a scary, scary thought. I certainly hope people pay attention to it because you will see more parents drop out of the work force; you will see more child carers lose their job; you will see owners lose their houses. It will be a disgrace and it will only be in the hands of the present government.

Mrs Cook—My name is Toni Cook and I am speaking as a parent today as well as the treasurer of a community owned child-care centre. I have a little boy. I have two older children who now go to school and used the child centre when I worked.

I returned to work back in February but, unfortunately, I could not send the boy to the child-care centre any more for the full week because I could not afford it any more. Even though I have been associated with that centre for nearly 10 years, I had to arrange for my mother, who lives at Stafford 50 minutes from where I live, to come and stay with me on a Sunday night. Then we drove her back on Tuesday night so that I could afford to then be able to go back to work and use the child care for the other two or three days. I always said that I would never use my mother as a child-care facility and, unfortunately, I am doing that now. I do not think it is fair.

Ms Snedden—I am also a parent. I have a major concern. I guess the key issue has been mentioned. I believe it is one of choice for families in whether they choose to work for whatever reason. This is particularly true of females, but it is also becoming more and more true with the male partners in families as well, where there is one.

In my particular circumstance, my husband is a professional person who has just recently and unfortunately been made redundant for the third time in about seven years. I am the sole salary earner in the family. I have one child in full-time care and I have a daughter who has recently started school. Because of the situation supporting my husband who is setting up his own business, I am the person in the family that can earn a salary to keep our family surviving, basically—and that is all we are doing at the current stage.

My concern is twofold. It is not only the fact that the choice is being removed from families, but also that the statistics out there not only from those leaving centres but also

from those who simply cannot afford to commence at centres. They are simply not showing anywhere. I cannot afford to use after school care. I am relying on elderly parents to provide that before and after school care for my daughter.

In the other circumstance, my husband is taking that on and trying to juggle that with starting up a business. His business will take approximately five years to break even, so the choice I had made to give up full-time work and commence part-time work has been put on hold until that business can come to a point where it does break even and we can afford to keep going.

ACTING CHAIR—Is there anyone else who has not spoken yet?

Mr O'Loughlin—I am a parent representative and parent at the Tufnell Child Care Centre—a community centre. I am also on the advisory committee of that centre. I would just like to touch on a couple of points that have been very briefly mentioned. The first of these is that this debate is not really about funding: it is really about quality—what quality is and how we maintain quality and how we pay for it. Until we establish what we think is an acceptable level and we police that and maintain it through the accreditation system, any talk of how we fund that is really inappropriate because we are talking about the care of children here, not a business, a restaurant or a service station down the road. This open competitiveness and so forth is really inappropriate until we have decided what we want for children.

The second thing I would like to talk about is in terms of quality and parents finding quality. It is up to parents to make decisions and have choice about what they think is the best for their children. But it cannot solely be up to parents because parents do not see what happens at a centre between 8.30 and 4.00 during the day. They need some reassurance through the accreditation system and adequate policing of that accreditation system, which I do not believe happens at the moment, to reassure them that what they are getting is quality right through the day.

I would also like to say that there has been a lot of talk about how this has affected low income people and single parents and so forth in paying the gap between what they receive in subsidies and what they have to pay. I think that is justifiable because many people are feeling the pinch. I just want to highlight, as I think my wife touched on, that it is not just the low income earners that are suffering through the funding issues associated with child care.

I will not go into the details of our situation, but basically we have worked hard to get tertiary education. As a result of the costs and the time delays in setting up a home and starting a family, we are in a situation where we did not start to pay for our home until our very late 20s and our early 30s. We did not start a family until that time either. We are in a situation where we feel we are racing against time to a certain extent because we believe we will not have a pension to look forward to in our retiring years. We need to pay for our home and get on with saving some money so that we can live comfortably into our elderly years, hopefully.

It is not just a matter of saying that middle income earners can fund it, because we are copping the lot here; we get no concessions in any shape or form from this government and it is really hurting.

The other issue that was touched on related to social engineering, or whatever you want to call it. With regard to any family in Australia that is reluctant to have a second or third child purely because they cannot afford to pay for care which they desperately need, we have to ask ourselves whether that is a progressive attitude for Australia and whether that is the image we want to portray. We are certainly in that boat at the moment. We cannot afford to have another child. We do want to have another child, but we cannot. Again, it comes back to starting a family late. If a lady has a child when she is in her early 30s and she wants to wait five years until that child is in school to have her second child, she is then in her mid to late 30s which is a very high risk time to have a child, and the risks escalate from there. It is difficult to project to you the stress that it is causing parents in the centre. It is not just us; it came through very strongly in our survey of parents for our submission.

Finally, someone touched on grandparents and the effect it is having on them. I have heard things on the radio suggesting that pensioners and superannuants are stepping into the fray in terms of child-care provision because they are suffering as well. They have their retirement to look forward to and enjoy and if they are forced, through the pressure on their children, to look after their grandchildren, I think that is a very sad state of affairs.

In closing, I would like to say that while there might not be many parents here today, I think that is understandable, because it is really a symptom of the problem. If parents had time to be here today en masse, then they would not need child care. It is worth bearing in mind that the election is going to be held on a Saturday and there will be more voters making their feelings felt on that day.

Ms Raineri—I feel that, as an early childhood educator, I need to talk from the children's point of view, because unfortunately young children do not have a voice and so often their cause is left behind. As an educator who has worked in child care for over 10 years, I am very sad that I see quality care being abused. I see community centres having to drop the quality of their care again and again. What is actually being eroded is the quality of service to young children, and that has later ramifications for families.

As children do not have a voice and parents often find it difficult to know how to access quality care, governments have a very important role and responsibility in helping parents and children find quality care.

Ms Ridgway—I am the executive office for family day care in Queensland. I work in child care but I am standing here today as a grandparent. I am looking forward with trepidation to the time when I can retire because I think I will be one of those grandparents who are looking after their grandchildren. While I dearly love my grandchildren, I certainly do not want to look forward to a retirement when I am looking after them for fairly long hours. My children are shift workers—they are both nurses, in one family—and already I quite often do weekend care for them. I have a daughter who is a single parent, so she needs support. As well as my full-time job, I am doing a fair amount of child care now. I really am not going to retire. That is where I am at the moment.

Ms Walsh—I am a play environment consultant. I am the early childhood representative on the National Playground Standards Committee. My specialty is physical environments in early childhood settings. I have noticed that the cutbacks that are occurring have affected the much needed upgrading of physical environments, particularly in relation to safety standards, playground design and facilities for toddlers and babies in early childhood services. There has been an immediate cutback on pro-active moves that were in children's interests.

We seem to have a number of conflicting things happening at the moment. For instance, in New South Wales, legislation insists that the Australian playground standards on soft-fall surfaces, ASNZS4422, are adhered to as part of the licensing requirement. If you have a centre that is built to comply with regulation requirements in every state in Australia, there are many instances where you cannot even meet the safety requirements for free-fall zones, in particular. There has been an abominable lack of information provided by government to address physical environment issues, so there is a lot of badly informed information or lack of information coming out. I think it is just a matter of time before a lot more problems occur.

What has occurred, too, is that some of the older community based services have been built pretty much on a wonderful community commitment and a wing and a prayer, financially, and over the years they have never had decent capital grants. When they do apply for upgrading of services, they have never received the right amount of money to do the job properly, nor has there been the proper planning, and I think that is a reflection on the community services.

I am also very deeply concerned about the private centres which have built centres to regulation size and, frankly, have got substandard centres which do not comply with safety requirements, let alone really meet the outdoor programming needs of children.

Mr Kemp—I am the President of the Australian Confederation of Child Care. I would like to refute completely the statement by Prue Walsh in relation to private centres providing substandard playgrounds. I think that has no basis in fact. I think it is completely ridiculous to suggest that licensing authorities, accreditation reviewers and so on that have been approving the very high standards in private centres are all wrong and Prue Walsh is right.

Having listened to a lot of the discussion here, I believe there needs to be a complete shift in government thinking. I am not talking about the politics here; I am talking about government in general in relation to child care. I think one of the earlier speakers had it right when they talked about the fact that child care is for children, the fact that child care is early childhood education and development, and that the children should have a very high priority. I think governments have been trying to achieve that but, sadly, in a lot of ways, it has not quite been coming through.

What needs to be recognised is that a lot of the problems that are being evidenced in our society today could largely be addressed by a proper and effective early childhood system. This has been recognised recently in New South Wales with the juvenile justice report that was carried out in New South Wales. It has also been recognised in overseas research which shows that not only are there enormous social benefits in addressing issues before they arise as problems, but there is an economic benefit to a society in the ratio of seven to one; in

other words, for every dollar that is spent in early childhood education, \$7 is saved by not having to fix problems which arise later on. That sort of thinking really needs to permeate into government in general. I think it is starting to happen, but that realisation needs to come about more and more.

Mention was made of the loss of taxes back into the system. The 1994 Auditor-General's report identified that Childcare Assistance at that time was completely balanced by the return in taxes from families using child care. So in a lot of ways you have to look at the total funding situation, not just at child care as a separate issue.

Ms Balderson—At the moment I work for a community based child-care centre which has a high level of qualified staff. Over the last six months we have seen some of those staff leave for financial reasons. They are going to find employment where they get better paid.

My main concern is that the quality programs that we run are going to suffer as we cannot afford to send people off to training, to learn new skills, to be able to bring them back to the child-care centre, or to go off and listen to seminars about new findings in the early childhood profession that can only benefit the children in our care as well as society in the future. Thank you.

ACTING CHAIR—We are almost out of time, so it may well have to be the last comment.

Mrs Heidrich—I am director of a community based centre. One of the concerns that has been raised indirectly, but not directly, is that all centres, whether private or community based, are experiencing difficulties in one way or another with the running and management of their centres. This results in cut backs in various ways. One of the cut backs, which almost everyone whom I have spoken to has talked about, is the increase in the number of casual staff being employed.

The implications of this are quite enormous in terms of instability in the industry as a whole, and instability particularly for children. And of the greatest concern with that are, I think, babies and toddlers within child care. I think we have to look at the research which is being done which does suggest that babies and toddlers are particularly vulnerable and that the level of quality of child care for babies and toddlers has to be very carefully thought about. Babies and toddlers are particularly at risk within the present atmosphere in child care. Thank you.

ACTING CHAIR—Thank you. Ms Ward, did you want to make one short comment?

Ms Ward—Yes, if I might.

ACTING CHAIR—Then that will have to conclude this session.

Ms Ward—One of the previous speakers mentioned the backyard care with the Medicare provider. Something that may not have occurred to many people is that there are actually a lot of people on sole parent pensions, or at home on parenting allowance, who are minding children in a backyard in completely unregulated systems without the Medicare provider and

doing it more cheaply than with the Medicare levy. They are not declaring their income and are receiving the welfare benefits.

ACTING CHAIR—Thank you. May I thank you all for your participation. You are more than welcome to stay on for as long or as short a period as you wish to hear the evidence that is being provided to the committee today.

[9.46 a.m.]

HARNETT, Ms Linda Dianne, Steering Committee Member, Queensland Child Care Coalition, PO Box 306, Red Hill, Queensland 4059

HARVEY, Mr Neil Thomas, Steering Committee Member, Queensland Child Care Coalition, PO Box 306, Red Hill, Queensland 4059

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

HICKEY, Ms Margaret Joan, President, Family Day Care Association Queensland Inc, PO Box 373, Cannon Hill, Queensland 4170

KAFOA, Mrs Lynne Veronica, Vice-President, Family Day Care Association Queensland Inc, PO Box 373, Cannon Hill, Queensland 4170

RIDGWAY, Ms Patsybeth, Executive Officer, Family Day Care Association Queensland Inc, PO Box 373 Cannon Hill, Queensland 4170

TOMKINS, Ms Elizabeth Anne, Committee Member, Family Day Care Association Queensland Inc, PO Box 373, Cannon Hill, Queensland 4170

REED, Mr Bob, Research Officer, Australian Liquor Hospitality and Miscellaneous Workers Union, Queensland Branch, 74 Astor Terrace, Spring Hill, Queensland 4000

ACTING CHAIR—I welcome the representatives from the Queensland Child Care Coalition and Family Day Care Association of Queensland. I once again formally advise witnesses that the giving of evidence to the committee is protected by parliamentary privilege. However the giving of false or misleading evidence to the committee can be subject to the claim of abuse of parliamentary privilege. I now invite you to make a short opening statement summarising your views on the issues. We have before us your submissions, so I ask that it not be a repetition of your submission and, at the conclusion of your remarks, I will invite senators to ask you questions. Maybe for the two groups there could be one spokesman for each—Ms Turner?

Ms Turner—On behalf of the coalition, Madam Chair, I would like to first advise of an amendment to our submission. At page 2.6, we would like to delete the words ‘occasional care’ where the reference is to the removal of operational subsidies.

To summarise our submission we would like to say that the area of continuing concern to the QCC which impacts on the whole child-care sector here in Queensland and, indeed, nationally, is affordability for families. This, in turn, is impacting on their preferred choice and, therefore, is limiting access. Also, we are concerned at the reduction in the quality of care due to services attempting to maintain fees at affordable levels for families which is resulting in the employment of less qualified staff and service reduction.

Recent research has indicated a dramatic downturn in utilisation of centre based care across Queensland. For example, a recent survey conducted by the Private Child Care Centres Association of Queensland of its membership reported that utilisation had fallen by up to 54 per cent. Current occupancy levels range from 46 per cent to 90 per cent, with an average of 68 per cent. Utilisation levels in the community sector are also consistent with these findings.

In the immediate future the QCC will be conducting its second cross-sector statewide survey as a follow-up to the one conducted in February 1998. This will provide further information concerning trends occurring in the formal child-care sector, as well as capturing the impact of the 20 hour non-work related care limit.

Anecdotal evidence to date, however, indicates the significant changes in long day care sector utilisation patterns, the use of full-time care being reduced to an average of 20 per cent, with part-time care being utilised representing 80 per cent of the total care provided.

There is no evidence to suggest that these children are being placed in registered family day care schemes. Families are reporting to centre staff that informal care arrangements are necessary in addition to, or instead of, formal care arrangements due to the lack of affordability for families.

While we are aware that family members, particularly grandparents in some cases, are being prevailed upon to assist parents in meeting their child care needs, many of us have no extended families to provide this support. Given the significance of the decreasing utilisation levels in formal care across Queensland, this certainly raises issues in relation to where these children are being cared for.

There is also concern in relation to the recent changes to outside school hours care funding. While some low income families have been advantaged, the majority—92 per cent of families—have experienced fee increases despite the extension of Childcare Assistance. To date, they have been 14 closures of outside school hours care services in Queensland, the most vulnerable components of these services being the before school and vacation care. This is, of course, of concern, not only for children of working families, but particularly for employers. We continue to see the impact of job losses and significant reduction in hours of employment for workers in the child-care industry due to centre downsizing and, in some cases, closure. This no doubt has impact in terms of the stability and continuity and quality of care for children.

Due to the changing and more flexible work patterns being required by employers, parents' child-care needs in terms of extended hours care are increasing and need to be

addressed. This is particularly true for hospital and shift workers. The QCCC supports the submission by the Queensland Nurses Union in this regard.

A number of family day care schemes have found it necessary to introduce gap fees to compensate for the freeze in the rebatable fee, with individual child-care providers being asked to absorb increased costs of meals and transport. In these instances, parents have reassessed their child-care arrangements to minimise their usage of formal care in order to reduce costs. Others have left, or have reduced work hours, to reduce the need for care. The decreasing demand for care in centres due to funding cuts has not translated into an increase in demand for family day care. The 24-hour care service which family day care has traditionally offered to the community is also facing difficulty due to the Childcare Assistance changes. The QCCC believes that due to the increasing gap fees, particularly for low and middle income families, an immediate increase in the Childcare Assistance ceiling across all service types must be implemented to make sure that there is access and equity for families. Thank you.

ACTING CHAIR—Thank you.

Ms Hickey—The Family Day Care Association has had their concerns confirmed from the earlier submission, that is, that families are now dropping out of work, dropping out of care, and moving to part-time care, or dropping out completely. Women, in particular, are very unhappy at having to make these decisions which are affecting their families and their children in particular. There is scarcely a scheme in Queensland that has not commented on the unhappiness of women in being forced to make these sorts of decisions.

There is a wide diversity of care patterns in family day care which requires an administrative system which is able to cope with the higher workload inherent in ensuring compliance to government accountability and the accuracy of charges to parents. The higher workload involved there is impacting on the quality that we can provide as coordinators.

Of great concern to family day care schemes is what appears to be discriminatory charges for school-aged children. That is, care has become too expensive following their reduction in Childcare Assistance levels to care for school-aged children. Children are going home to empty homes. We have got the situation now where there are under school-aged children being cared for—and I am talking mainly about shift working parents, overnight and weekend care. We have got their under school-aged children in care, but their school-aged children are at home by themselves. That is far from an acceptable situation and that is as a direct result of the lower Childcare Assistance levels to school-aged children.

We understood that there needed to be some equality across service types, but it needs to be remembered that in these sorts of instances, family day care is not providing just after school care. It is providing long care for children irrespective of their ages. That is a situation that needs to be looked at, and very quickly. I have an example there which I would like to give you at a later point which dramatically highlights the cause for concern in that situation.

In family day care in most areas we have plenty of care provider applications; there is no shortage of people able to provide the service. In the inner city areas it can be difficult, but

in some schemes there are very long waiting lists of people who are interested in providing care.

Family day care is satisfying a double need. It satisfies the need for the family who needs the care, and the need for other families who need work. We can put those two together if it is affordable. It is the affordability that is under threat.

The rebateable fee has not been increased, and it is unlikely to be, so this impacts on the fees that schemes must charge. Therefore, care providers are not being adequately recompensed for the work they do. Care providers are making decisions to keep fees down because they understand that parents cannot be doubly affected. This means that it is not only parents who are disadvantaged but carers too are not being adequately paid for the work that they do.

We have seen an increased use of special Childcare Assistance, particularly for those parents accessing care through the JET program, which I am sure you are aware is targeting sole parents. The Family Day Care Association Queensland sponsors the JET child-care workers and we have definitely seen an increase from almost nothing in terms of having to use special Childcare Assistance to a very high level of use. This is particularly for students who are having to access block long-term care for their placements.

We believe that the frequent changes to the Childcare Assistance system which then cause updating costs to the administration systems and coordination units ultimately impact on families because the operational funding no longer covers our administration costs. Schemes are having to charge levies. That is not a situation that we like.

Families who are under stress are now unable to access extra care because their work commitments require 50 hours a week of care. Therefore, relief care is no longer available to families who are under increasing stress. That is a very sad situation. We have families who are experiencing financial burdens and insecurity because of their job situations.

They are also encountering the complexity of the documents that are required from them by government. I am talking here about parents' statements, about 50-hour statements, 20-hour statements. There is an increasing array of forms that have to be completed by parents, and they are not an easy thing to do. There is increasing time being spent by coordinators in coaching parents in how to fill out those forms and then chasing the endless trail of paper. This is all detracting from what it is we are there to do, which is care for children. That is an appalling situation and it needs to be looked at.

The goals of the children's services program in Australia are quality, affordability, supply and sustainability. There is no doubt that we are seeing affordability and quality under threat.

ACTING CHAIR—Thank you. Is there anyone else who wants to make a brief comment before I invite senators to ask questions? As there are no further comments, I will now ask senators to put their questions.

Senator NEAL—In the submission from the Queensland Child Care Coalition you quoted some figures about the decreasing participation of women in the work force. Can you comment on that?

Ms Turner—We are mindful of the changes in that regard. We are concerned in terms of the way these figures are reported. One of the parents who spoke earlier alluded to this. Where there are two parents working in a family and one drops out of the work force then that person is not registered in unemployment figures unless those people sign on to take the dole. It is very difficult to gather that information but anecdotal evidence, as you have heard from parents here today, verifies the fact that they are leaving the work force because of their inability to pay the fees, or else they are contemplating having to leave the work force.

You can see that there is an increase in part-time employment of women rather than full-time employment, which is another outcome of the fact that people are having to cut back on the work that they do as they are having to reduce their child-care usage because they cannot afford it.

Senator NEAL—These comparative figures you have quoted, did you receive them directly from the ABS?

Ms Turner—That is correct.

Senator NEAL—There are some figures quoted in the submission regarding the number of people who have lost their jobs in the child-care sector in Queensland. Has there been any change since the submission was prepared, particularly in relation to outside school hours care?

Mr Reed—In relation to outside school hours care, I do not have accurate figures that might update what is in the material. Certainly, in long day care we have some information that suggests to us that the trend is continuing. A lot of our material is anecdotal. Some of it is factual. There are over 10,000 workers in long day care centres in Queensland. There are probably several thousand more in outside school hours care.

One of the problems about reportage in the industry is that employers do not want to give us the information for fear that it will reflect badly on them as a business. Any information that suggests they are losing enrolments and consequently losing workers is seen as a reflection on them. Therefore, the information, the reportage, is somewhat difficult to come by.

An illustration that is quite relevant is some evidence that was given by a representative of the community based centres in a recent Industrial Relations Commission case that was seeking to remove the exemption on small businesses in relation to the payment of redundancy benefits. The particular representative of the umbrella body that represents community based centres said he did not know of any redundancies in that part of the industry in Queensland. However, we were able to provide him with information of two that had occurred in the previous fortnight. A week after the case he was ringing me and telling me about another two that were occurring in another centre in another part of Brisbane. That example indicates that it is a continuous thing in that particular area of the industry.

Might I also say in relation to redundancies in the industry that there is an enormous body of information—it is in our submission—about the increasing number of casuals in the work force in the industry, and the reduction from full-time status to part-time status. There is a body of legal opinion that says that those are all redundancies as well. In Queensland, 90 per cent or more of the employers employ fewer than 15 employees. In those cases no-one is getting the benefit in the case of redundancy. Whatever level of redundancy is occurring, that is something that bears upon the social fabric, and upon the benefits and employability for workers in the industry.

Senator GIBBS—In other states we have been told by the ALHMWU that centres have been closed and their workers have been put off. And particularly in the community based child care centres, they have not been paid wages, redundancies or pay-outs. Those workers have lost a lot of money and there does not seem to be any hope of regaining that money. Is this impacting on your members here in Queensland? Has it started to impact? Do you foresee it impacting in this way in the future?

Mr Reed—It has to date, and it can only continue. There are four or five examples I can think of immediately where a centre has not closed but because of the affordability crisis and the financial problems experienced by the centre owners they have had to return the centres to the mortgagor or else place it in the hands of a receiver. In other words, they have had to get out of the business entirely.

Under those circumstances the person taking over the business has no obligation to pay benefits to the workers who are in essence losing their positions. In those four or five examples that immediately come to mind there have been 40 or 50-odd workers who have been left without their annual leave entitlements, and in some cases their wages for the last week or so.

Recoverability in those circumstances is extraordinarily difficult, as you can well imagine. The centres are usually controlled by a corporate entity which is in the process of being wound up or is in liquidation already. Under those circumstances, the employees stand well down the line in terms of creditors who might expect to receive payment from the winding up. There is usually a secured creditor well and truly in front of them. It is usually a bank. In those circumstances—

Senator GIBBS—They will not lose their money.

Mr Reed—Absolutely not. Under those circumstances, the workers usually receive nothing from those entitlements. They receive no redundancy. They are usually left wanting their annual leave entitlements and, in some cases, wages. There are four or five recent examples that I can think of. We say that that is only the tip of the iceberg anyhow. While there may not necessarily be closures there are changes in the ownership which will produce those results. Those changes, in our view, are a direct result of the affordability crisis in the industry and the fact that people have got into the industry believing that they are going to reap high financial rewards. The recent funding cuts, et cetera, have produced the decline in enrolments. They have, in some cases, financially over-extended themselves. That produces a disaster for them and a consequent disaster for the workers in the centres.

Senator NEAL—There was a number of figures provided in your submission which related to a number of children taken out of care. I think it was actually quoting figures solely for 1997. You say 3,255 were removed from care entirely in that year—up until 30 November. Is that correct?

Ms Turner—That was actually the last survey which was in February 1998.

Senator NEAL—And that 12,070 had reduced their hours?

Ms Turner—That was the total number of hours reduced as well as children being removed from care.

Senator NEAL—Have you had any opportunity to extend those figures for this year? Do you know how many children have left or reduced their hours subsequently?

Ms Turner—Senator, as I stated earlier, in the very near future—in fact this week—there will be another state-wide survey going out across the whole of the child-care sector, including all sectors in which we hope to capture more information. The intention of the coalition is to repeat these surveys on a six-monthly basis so that we could inform people of the outcomes and the trends that are ensuing.

Senator NEAL—It may be that it is too late for us. But if by any chance it is not—

Ms Turner—Sadly, that is the case. But I think the information is still important.

Senator NEAL—Yes. But if it is going to be available before the inquiry concludes, we would obviously very much appreciate getting that from you.

Ms Turner—We certainly will ensure that that is received.

Senator WOODLEY—Referring to the submission from the Queensland Child Care Coalition and relating to the heading, Child Care Service Closures, one of the comments is that there has been a significant increase in changes of ownership. I certainly was aware when visiting centres in Queensland that a lot of owners are offering centres for sale but are either getting no offers or are having to accept offers at significantly reduced amounts. In some cases, they say to me that the offers are below what it cost them simply to set up the physical plant. Do you have any more information along that line, particularly the level of prices that are being offered? The centres I visited are typical. Out of the dozen centres I visited, at least half of them asked me if I wanted to buy a child-care centre. I must say, after my experience of moving around, I certainly was not rushing to do so.

Ms Turner—I am not familiar with the prices being offered. We do have the knowledge that that is occurring. I suggest that the committee refer to the Department of Families, Youth and Community Care, who should be able to verify the number of changes in proprietorship. We are aware that centres are being sold at much less than the actual purchase price. Therefore, people in small business are losing out dramatically, which is also in turn going to impact on the supply of child care.

To date, there have been two closures in the private sector in Queensland and two in the community sector. But might I say that being in the position that I am in the work that I do, I can assure you that we are fast moving into a situation where we unfortunately see that there will be more closures to follow.

Senator WOODLEY—In the same comment, there was a comment about room closures. Again, at Browns Plains here in Brisbane and in Cairns, some of the centres I saw were less than half utilised. How typical is that?

Ms Turner—That is very typical across both the private and the community sectors. It is what we are terming, I guess, downsizing and the cutting of groups to using one child-care worker in relation to meeting the child-care regulations which prevail in the state. But, quite clearly, utilisation is a big issue. Downsizing has that impact and it also has an impact on employment for workers too.

Senator WOODLEY—Also in that same submission there is a comment:

It is worth noting that private centre employers predict conservatively a loss of 900 full-time jobs in Queensland.

That is a prediction. Do you have any actual figures?

Ms Turner—That was actually a prediction done by the Queensland Professional Child-Care Centres Association. Whilst we do not have figures on that, we can assure you that we are moving towards that becoming the case.

Senator WOODLEY—Just one more question—this is from the Family Day Care Association submission. It is the comment that family day care schemes have withdrawn the provision of play groups, toy libraries and provision of equipment for carers. I am not sure what you mean there. Could you give us a little more detail?

Ms Hickey—Coordination units are part of the support services that they provide to care providers. They establish play groups, toy libraries and the loan of nursery equipment; that is car seats, cots and strollers in some cases. Because of the impact of costs to parents, schemes are reluctant to increase any service levies that they use to provide those extra services. It is not possible that the operational funding spreads sufficiently to cover those sorts of support services. Traditionally we have used a charge to parents called a service fee or a levy. Because of the increasing costs of care now, schemes are no longer able to use that as a source of revenue or they are reluctant to do so. Those are the support services now that we are starting to see diminish or being curtailed in some way and that is affecting quality.

Senator WOODLEY—Are they mostly free loans?

Ms Hickey—They are to the care providers who are providing the care for the children, although those providers also pay some sort of service levy to fund those sorts of support services. They pay in one sense but they are not charged a direct fee at the time.

Senator PAYNE—I think my questions are probably best directed to Ms Turner. The first is in relation to the QCCC's call for a Childcare Assistance ceiling increase, which I think you mentioned in your verbal evidence. On the question of fees charged by child-care centres and the government contribution, the government pays Childcare Assistance but has no control over the fees. If you are going to suggest that the Childcare Assistance should increase, do you also agree that the government should then have a role in setting the fees so that there is some relativity and some involvement between the two?

Ms Turner—I am not suggesting that the government controls the setting of fees, but I think what we are finding out now is that the cost of care is actually the cost of care and there is no real room to move. If you refer to the Brotherhood of St Laurence report, it outlines quite clearly the need to actually improve the level of Childcare Assistance by at least \$18 per week to bring that up to the level that should have been there since 1991.

Senator PAYNE—In the past when Childcare Assistance levels have increased, fees have increased as well to match that and then gone past and then there has been another call for Childcare Assistance to increase so that has been increased and fees have increased and gone past there. Are you suggesting the government should just continue to increase Childcare Assistance on that basis? I am wondering whether in fact at the other end of that equation, there should be some involvement for the government if that is the expectation from the sector.

Ms Turner—I believe that the new Child Care Advisory Committee is also looking at charging practices and the like. However, there are different variations in child care. There are sectors of the child-care industry which will be in a position to continue to offer high quality care, using the best staff available and to be able to charge for that service, but that would be dependent on the area in which that service is situated in relation to who can afford to pay. I think we are going to move to seeing two levels of child care, one which will be affordable to those who can afford to pay for good quality care and another level of probably not such good care that people can meet as a result.

Senator PAYNE—When you refer to—I will use your words—another level of not such good quality care, do you refer then to care that you believe will not meet the appropriate accreditation standards, both Commonwealth and state?

Ms Turner—I think there are reservations amongst a lot of people in the industry about the fact that because of the cutbacks that have become necessary in order to remain service providers, there is a fear that we will not be able to meet accreditation standards.

Senator PAYNE—As an organisation—a fairly broad-based organisation I gather from your submission—would you then be prepared to advise the Commonwealth of those centres that come to your notice that you do not believe meet the appropriate accreditation standards so that can be addressed, for example, with names and addresses?

Ms Turner—The accreditation system sets minimum standards and we also have to abide by the licensing requirements within each state and territory. That in itself does not create a level playing field because the licensing arrangements are different in every state. In terms of outcomes for children, we do not have a level playing field. However, it is not my

duty to report on services that I, or anyone else, suggest might not be meeting child-care standards; it is for the officers of government departments and the people who are reviewers in the accreditation system to pick those issues up.

Senator PAYNE—But surely if you thought that children were in some danger by being left in what you have described as care that would not necessarily meet the appropriate levels, then your position as a Queensland child-care coalition would have some interest in looking after the children?

Ms Turner—We do have an interest and we are concerned about any reduction in quality of care for children, yes.

Senator PAYNE—What action would you take, based on that concern, if any of those issues that I have raised came to your attention?

Ms Turner—We are trying to raise that fact with you now.

Senator PAYNE—I understand that, but in relation to specific centres, for example?

Ms Turner—I believe that we all have a duty to report, but, as I say again, it is the responsibility of government departmental officers to report any deficiencies.

Senator PAYNE—I understand that. In relation to the—

Mr Reed—Can I just say something there briefly? It is difficult for Ms Turner to answer probably in that respect for all members of the coalition in their individual capacities. Certainly it is the union's view that we would encourage our members, and we have done so and have taken an active part in reporting regulatory breaches, specifically within the state framework and anything that impacts on the accreditation, to the relevant Commonwealth bodies. The difficulties that we have found are that the resources, given to the various regulatory bodies to enforce those matters, are insufficient and there has been, in our view, a not sufficiently firm attitude towards the policing of many of those things. But certainly we have taken an active role and we will continue to do that and encourage our members to do so.

Some of the difficulties that arise in that respect are that the current unfair dismissal laws, for instance, prescribe that an employee can be terminated for misconduct in circumstances where they do something that may threaten the viability of the centre. For a worker to make a complaint to a relevant regulatory authority about matters or to bring those matters to the attention particularly of parents who have a vital interest in knowing whether regulations and accreditation guidelines are being subscribed to runs them the clear risk of being terminated on the alleged grounds of misconduct.

Those are matters which people who set legislative guidelines need to seriously think about, because that impacts upon the ability of the workers in the industry, the people who know at first hand whether these things are occurring, to report those matters effectively and in full detail.

Senator PAYNE—I ask another question about the information on page 7 of your submission about labour force participation and the statistics that you have used. I have just re-read the information and I am not sure whether it is seasonally adjusted. Notwithstanding that, information supplied to the committee by the Commonwealth Department of Health and Family Services indicates—and I use the dates you have used in the first instance—that the participation rate for women with children under 15 years, as at October 1996, was at 58.6 per cent, as you have indicated; that in January 1998—and January is typically a low participation rate period, given the number of people who are moving in and out of employment during that vacation period—it was at 58.3 per cent; and that in April 1998, that is, just two months ago, it was at 59 per cent. So it went from 58.6 per cent in October 1996 to 59 per cent in April 1998. There is a graph which represents the general stability of that participation rate. How do you reconcile those ABS statistics with the information that you have presented to the committee?

Ms Turner—Firstly, at the time that we did this submission, the January figures were the only ones that we had for comparison. I acknowledge the fact that we now have access to those April figures that you are referring to. Again, we reiterate the fact that it is unclear whether, when one parent of a two parent family drops out of the work force, that is necessarily the female. It is happening for males, too. If they are not reporting to seek work or in effect not in receipt of dole payments, then they would not be included in these figures. That is our understanding.

Senator PAYNE—But in terms of the evidence that you are presenting to the committee and the statistics which are now available, based on the April figures from the ABS, do you agree that a 58.6 per cent rate in October 1996 and a 59 per cent rate in April 1998 are reasonably comparable figures?

Ms Turner—They are, because I have these figures here. I did not have those at the time when the submission was prepared.

Senator O'BRIEN—I was going to ask Ms Hickey, or whoever wishes to answer: in relation to your submission on the effect which the abolition of the operational subsidy would have on family day care schemes, you say many parents, and particularly sole parents, would be forced to leave work and become dependent on government benefits. I take it that means that they would withdraw their children from the schemes. What impact would that have on family day care schemes and the care givers who participate in those schemes?

Ms Hickey—The schemes would not be sustainable. The care providers would lose work. They would be gone.

Senator O'BRIEN—In terms of care givers who withdrew from being care givers, would that have an impact on your ability to re-generate replacements were they needed, given that the operational subsidy, unless it is funded in some other way, is providing a basis for the management of the family day care schemes?

Ms Hickey—If I understand what you are saying, if there were no operational subsidies, then the sustainability of the coordination unit, which in fact underpins the quality of family day care, is no longer viable. We would have to fund that operation from somewhere else.

The only two sources of income that we would have there are to charge parents and to charge care providers. If that is going to happen, we do not believe that the system is sustainable.

Senator O'BRIEN—How price sensitive is the service at the moment? Have you got any information that you can give us which indicates an effect of particular price movements in the family day care area?

Ms Tomkins—We actually canvassed a number of schemes in different areas before we came here today. One of the schemes which did respond was on the Gold Coast, and they reported that one of the biggest impacts for them was the recent changes with school-age children. They gave us some anecdotal evidence of that.

There was a single father with two children who is employed as a casual security guard, whose hours of work are from 3 p.m. to midnight. He has two children. The children are in care from two to four nights per week. It is inappropriate to wake the children at 12.30 or 1 o'clock in the morning, so that the children are effectively in care from 2 p.m. to 7 a.m. There is a school-age child and a non-school age child. The cost of care for the school-age child is \$52.50 as the parent portion. For the non-school age child, it is \$27.50. The parent's subsidy is at 90.43 per cent. The parent is actually paying \$80 a week for child care, and the scheme reports that the family does not even have a fridge. Their living cost has taken over what they are actually affording with child care.

ACTING CHAIR—I notice that the coalition has raised a number of issues here. Your coalition was formed in April 1997, in response to community concern about recent significant changes to federal government child-care policy and that it is a broad based coalition. What business representatives do you have on your coalition, what unions do you have and what churches do you have?

Ms Turner—There is an attachment there which highlights our membership.

ACTING CHAIR—I noticed that it is not particularly comprehensive, in terms of the balance in your coalition. I am just wondering what the balance is.

Ms Turner—From the Business and Professional Women's Association, we have a person called Elizabeth Bekka, who is on the broader group. We have academics from universities. In terms of churches, we have representation from the Lutheran Church, the Anglican Church, Catholic Social Welfare, and Churches of Christ. In fact, some of our members will be individually presenting submissions here today—the Creche and Kindergarten Association and the Family Day Care Association. The Childcare Industry Association of Queensland and the Professional Childcare Centres Association of Queensland continue to receive the relevant information from the coalition. So it is a wide cross-section.

ACTING CHAIR—One of the other things that I would like to ask both groups is about the abolition of the subsidy. Prior to the removal of the subsidy, the community centres charged an average of \$2 per week less for a full-time place than a private centre charged, even though the subsidy equated to about \$20 per place. Can either group justify why the community centres have put up their rates so much, yet the private centres have put up their

rates at such a low rate, by \$1 or \$2? There just does not seem to be parity between the two, considering that there are many, many more people using the private centres than the community centres.

Ms Turner—With regard to those ratios, here in Queensland the majority of child-care centres are, of course, private. There are about 170 community centres and some 700 private centres, so that would explain why more people are using the private child-care sector. From that point of view, any small business which was suddenly faced with a reduction in cash flow of something in the region of \$50,000 per year would have to look at what they did to offset that amount.

You would probably be aware of the assistance the government gave in terms of restructuring grants to assist the community sector to restructure. Indeed, that process is still being undertaken. Nevertheless, it is very difficult to absorb an amount such as that \$50,000 in spite of restructuring having taken place. Consequently, that has resulted in those fee increases having to be borne by clients, just as it would in any other small business.

ACTING CHAIR—Why have so few taken up the federal government's offer for transitional and financial assistance? Very few have taken it up.

Ms Turner—I am not sure why that is, but certainly we have encouraged people. In fact, in the work that I do I have been assisting people in that process.

ACTING CHAIR—They have not done it. I thank both groups for your attendance today and for the time that you have given to the Senate.

Ms Turner—I would like to tender a document here which is a background briefing from a Radio National program. It relates to a fatality of a child being cared for in informal care here in Queensland. I think it would be of importance for you.

ACTING CHAIR—I accept that as a tabled document.

[10.37 a.m.]

AMIES, Mr Trevor John, Owner/Licensee, Joey's Child Care, PO Box 159, Fortitude Valley, Queensland 4006

COOK, Mrs Toni Lee-Anne, Treasurer, Swallow Street Child Care Association Inc., 143 Swallow Street, Inala, Queensland 4077

HEIDRICH, Mrs Margaret, Director, Swallow Street Child Care Association Inc., 143 Swallow Street, Inala, Queensland 4077

MUNRO, Ms Georgie, Parent User and Treasurer of Management Committee, Beenleigh Family Day Care Scheme, 81 City Road, Beenleigh, Queensland 4207

STAMP, Mrs Leigh, Managing Coordinator, Beenleigh Family Day Care, 81 City Road, Beenleigh, Queensland

O'LOUGHLIN, Mr Peter, Parent Representative and Member of Advisory Committee, Tufnell Child Care Centre, 228 Buckland Road, Nundah, Queensland

RAINERI, Ms Anna Maria, Director, Tufnell Child Care Centre, 228 Buckland Rd, Nundah, Queensland

PENNY, Ms Debbie, Director, Kurilpa Child Care and Preschool Centre, 164 Boundary Street, West End, Queensland 4101

PERDRIAU, Mr John William, Proprietor and Director, Southport Children's Educational Centre, Woodford Street Childcare Centre, Rosewood Early Education Centre, c/- 27 Yacht Street, Southport, Queensland 4215

ROSS, Mrs Marianne Margaret, Manager, Manly West Childcare, 11 Charles St, Thorneside, Queensland 4158

ACTING CHAIR—Welcome. 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 very short opening statement relating to the issues which impact on your particular centre. In the remaining time, I will invite senators to ask questions. It would be helpful if you briefly describe the type of child care provided by your centre. If anybody would like to make a short opening statement, now is your great opportunity.

Mrs Ross—Ladies and gentlemen, thank you for the opportunity to address this inquiry into child-care funding at this critical time in our industry. I am the licensee and director of the Manly West Childcare Centre in Brisbane, which is a long day privately owned day care centre. We have owned and operated the centre since February 1992 and have seen many changes in the child-care industry during that period.

The impact on families, children and child-care services has escalated since April 1996. Fees for parents have increased due to the \$30 disregard freeze on the \$2.30 rebateable hourly fee, decreasing Childcare Assistance percentages, the 50-hour cap and, most recently, the 20-hour cap limiting non-work related Childcare Assistance.

These changes have been felt by all families, but have hurt the lower income earners and the working single parent families much more, as they have had to pay substantial increases in child-care fees on an already limited budget. The 50-hour cap does not allow for the fact that most centres open for 12 hours a day to allow for the widely varying work patterns and needs of parents who use our centres. The widening gap fee between the Childcare Assistance for 50 hours and 60 hours that most centres open has hit both families and providers. The freeze on the rebateable hourly fee, combined with the decrease in Childcare Assistance percentages, has increased fees even further and income has to be stretched to cover these substantial cost increases.

In our centre, in January 1996, fees for low income families were \$24.40 per week for one child and \$43.10 for two children in care. Fees are now \$49.50 for one child and \$82 for two children in care, yet our fees have only increased by \$5 per week per child in that period.

In order to combat the rise in fees, our parents have opted for a cut in work hours for one or both parents, one parent leaving the work-force altogether or, in the case of single parents, going back on to welfare payments. Other families have transferred children to cheaper, unregulated care, where children may be placed at risk. The government has, to a certain degree, condoned this practice by allowing the Childcare Cash Rebate for parents who use this type of care even when the carer is under the age of 18, and there are no checks on the conditions or numbers of children in their care.

The 20-hour limit has already forced many parents to cut down care to one day per week for their children, as they cannot find the extra money for hours not covered by Childcare Assistance for a second day. An acceptable option of two days of care instead of 20 hours would guarantee the children, in families where there is a single parent, or where only one parent works, the opportunity to enjoy a quality early childhood developmental program in a long day care setting with their peers. Many of these children in our area come from lower socioeconomic families, where parents do not have either the knowledge or the money to provide this start for their children.

It is interesting to note that 85 per cent of the families in our centre receive maximum fee assistance, even when both parents fit the work-related status. Some children in our centre already, particularly in the under 3s, are finding it difficult to settle now that their attendance has been drastically cut and they are not gaining the full benefit and enjoyment from our program.

We welcome the government's initiative in placing all long day care centres on an equal footing by removing operational funding from community based centres, but feel that it should possibly be carried further and look towards removing operational funding from family day care also.

The taxes of parents who choose to use the private sector for their care needs are still being used to support family day care and, although family day care has a worthwhile role in the care of young children, it must be accepted that carers in the day care schemes are working for profit and virtually running a small business in their own homes.

The cap on new child-care places may help to alleviate the proliferation of centres in areas of oversupply in future, but it has come too late for many centre owners. In the Wynnum-Manly area, there have been in excess of 650 new places in the last five years within a less than five kilometre radius of our centre, and this in an area with an ageing population and limited land for development. Occupancy rates have dropped below 50 per cent in some centres and most are running at around 75 per cent. Rooms have been closed, groups combined and staff laid off. Owners see their own living standards being eroded and their businesses becoming increasingly precarious. Along with dropping enrolments, centres have had to cope with increasing costs for accreditation, complying with state regulations and a 22 per cent wage increase for staff in the last two years, to name a few, without putting up their fees.

Our child-care system is accepted world wide as being a leader in this area but will be eroded if staff continue to see no job security in an unstable industry. There is pressure on staff to work within an accreditation system which needs to be reviewed, as promised by government, and which is seen to be unfair in that it only targets one area of the child-care industry. The government must broaden the process to encompass family day care and outside school hours care schemes to give equality and stability for all.

I conclude by calling on all parties in our political arena to restore affordability to quality child care for all families and their children, who are Australia's most valuable asset and our future.

Mr Perdriau—I am the proprietor of the Southport Children's Educational Centre. I have a written submission here which I have delivered to each of the senators and which I will now read. I greatly appreciate the opportunity—

ACTING CHAIR—We have had an opportunity to glance at that submission. Are there any additional comments that you wish to make?

Mr Perdriau—Yes. If you turn to page 3 of my submission, I ask the question: where have the children gone? That is in relation to why there are dropping attendances in all centres across not only this state but the country. I say that I consider these children have shifted to unregulated and/or unlicensed carers where only child care minding facilities are available. This means that children are denied the opportunity to develop numeracy and literacy skills at an early age. I point out that that should refer to informal care, which is also funded by the federal government in competition to the bona fide specialist child-care industry. That is one area where there is a huge inconsistency.

I also make reference, on the second last page, to multi-function Aboriginal children's services programs and supplementary services programs. We have made inquiries to the federal government. In south-east Queensland, they do not know anything about the MACS program, yet it is widely advertised by the government as being available. The SUPS

program which used to be available to the general industry is now not so specifically available. It is available for training, as I understand it. The general industry is unaware of this.

The effect of the Howard policy is not all bad, but it was obviously designed to contain runaway costs upon the federal purse. Unfortunately, it has far more bad elements in it than good. Senators have acknowledged that they have received my submission, but I find it disappointing that I am not allowed to read it for the benefit of third parties who are here.

ACTING CHAIR—It is just that we are short of time.

Mr Perdriau—I make the point that I would be quite prepared to make a supplementary submission, should I be invited to do so.

Ms Penny—Thank you for the opportunity to speak to the Senate inquiry today. I am here to represent Kurilpa Child Care Centre, a community based centre which is over 30 years old, in the heart of Brisbane's west end. Ours is a culturally diverse community, with children and families from over 25 diverse ethnic and linguistic backgrounds. I am here to represent all of those people, many of whom would like to come today, but, as people have mentioned before, they are already trying to juggle the demands of working and families.

I would like to address the committee by presenting an overview of some of the changes to child care that have impacted at our centre since the announcement of the budget cuts to operational subsidies and also give some anecdotal accounts, because it is really important to remember that government budget cuts affect real people in real ways.

Beginning with a quick overview, one of the most dramatic and obvious changes since the budget cuts were foreshadowed and then implemented have been the changes in attendance patterns. This has been across the board, as many people have mentioned, with a great many child-care centres across Brisbane recording an incredible increase in part-time care and a decrease in full-time care. At our own centre, we have gone from a 59-place centre which was full, with full-time children, to, over the past year and bit, only nine children at the last count who were full-time. We still have 56 families enrolled; it is just that most of them are part-time. As other people have mentioned, where have all the children gone and why are there so many part-time children when less than a couple of years ago, at our centre at least, there were more than seven times the number of full-time children as there are now?

As I said, where have the children gone? I can tell you: they are not at home playing with their dads. In other words, the juggling of the increased financial demands of child care, work and study has fallen in the main upon women. It is women who have changed the structure of their working life, dropped out or postponed their studies or had to seriously consider how feasible it is to mix the demands of family and paid work. I would like to address that a bit more later.

Going back to the general overview of changes: as well as changes in attendance patterns, the quality of our service has been affected. I will not go into that in great detail. I mention that more in our submission. With respect to government accreditation, which is

federal, and state regulations, those standards recognise the importance of having minimum standards to ensure the safety, security and well being of our children, yet funding restrictions are making those standards really difficult to keep.

In determining how to manage the loss of our operational subsidy, our centre had extensive parent consultation, where parents determined what services were important to them—for example, a pre-school teacher to provide pre-school education for working parents, and a food service, amongst others. Our parents tried to determine what areas we could cut and by how much we could raise our fees.

Our centre has mixed demographics, with a small percentage making full fee payments and the majority on some portion or full Childcare Assistance. Whilst some parents could no doubt afford to pay substantially higher fees, our community decided that it was important not to raise the fees so high that child care became an unaffordable luxury to many.

One of the senators raised the question earlier of why so many community based child-care centres have raised their fees a lot. Our centre was one that did not. It was one that really felt it was important to try to keep child care accessible to the vast majority of low and middle income people. I would just like to say that a \$2 a day increase for someone on a benefit or a low income means a hell of a lot more to them than for families on a decent wage. Consequently, in deciding to keep fee increases to a minimum, staffing has decreased. The staff workload, in an already stressful industry with a high staff turnover, has therefore increased thereby putting pressure on a sector of the work force that is already one of the most underpaid and marginalised in the country.

I would now like to go back and look briefly and specifically at the impact of these changes upon women. Perhaps it is important here to note that when looking at the rapid changes that have affected the child-care industry over the past couple of years, that obviously there are other factors in play besides the cuts to the operational subsidy in community based child-care centres.

I would like to suggest that to some extent the child-care industry is a kind of barometer for what is happening in the rest of society. With respect to people's, and specifically women's, changing patterns of work, we have noticed the impact of the cuts in our enrolment figures due to the affordability factor, something that anybody working in the child-care industry can easily attest to.

I would like to suggest that other policies of the current federal government have compounded the effects of the budget cuts to child care, not the least of these being the Workplace Relations Act. In an environment where people are uncertain of their job security, where contract positions are replacing permanent staff, where people who have been in previously secure jobs are forced to re-apply for their own jobs, where many jobs are being lost to privatisation or other corporate reshufflings, there is a great deal of community uncertainty and angst about people's working future.

In the child-care industry, a kind of instant community barometer of these changes, we see the impact in real people's real lives. Most of us in the industry have seen that it is women who are reorganising their working lives, it is women who are turning to part-time

work whether they like to or not, and it is women who are not returning to study because the cost of child care is too great and they have no time for combining part-time work, study and family.

I believe that these changes will have major implications for future generations of Australians and they need to be seriously studied and assessed. What kind of a future do we want? Do we want a society which values children and provides for their care and education? Do we want a society which values women's contributions to society in their many and varied roles and does not simply focus on the values of a couple of decades past?

I would like to give a couple of examples of people from our centre. One was of a parent with a toddler and she left last year to have another baby. She rang me last week to inquire about our cost for care for both her baby and the toddler as she was looking at going back to work. I discussed the fee pricing structure with her and her ability to get Childcare Assistance. When she did her figures she asked, 'Can I afford to go back to work?' Her answer was, not really. Can Australia afford to waste the resources spent on training women if they cannot continue to contribute to the economy in the area for which they were trained because they cannot afford child care?

Another example is of an Argentinian woman who was suffering from domestic violence. She was dependent on getting money from her partner to pay the fees. Because of the domestic violence situation it was difficult for her to access that money. She constantly withdrew her child from care and had no time to continue to look for work and consequently was always under stress.

Another case was of a Vietnamese family who downsized their child-care days because of financial considerations. Then they found it difficult to put the necessary time into developing their new business and consequently their business is about to close.

Ms Raineri—I am speaking on behalf of the Tufnell Child Care Centre. We are long day care centre, a community based child care centre, which means we are non-profit. All our surplus money, if there was any surplus, used to go back into the centre by doing things like training staff. This meant we had qualified and experienced staff and we were able to have secure and safe resources and quality equipment in our centre.

The huge impact child care has on parents' capacity to enter the work force is recognised, but I think an even greater impact is on children's development and growth. To us as a group, that is more important. Article 3.1 of the UN Convention on the Rights of the Child calls for:

... the best interests of the child shall be a primary consideration.

That applies in all actions concerning children, whether undertaken by public or private welfare institutions, courts of law, administrative authorities or legislative bodies.

So we look to research to see what are these indicators of children's best interests when they are in child care. Research indicates that children's best interests are met when there is

a high staff to child ratio, not surprisingly higher than those in the current regulations and standards that we are bound by concerning small group size and good nutrition.

It is affected by the care giver's education and training and also by the facilities and physical setting which we provide for young children. With the loss of operational subsidies, these have often been the major areas affected, and I can certainly say that our centre has definitely had to cut back on those areas. Economic rationalism has seen the loss of these areas in many child-care centres. Our centre has cut back on staff hours, staff numbers, ancillary staff who gave teaching staff important precious time with young children, staff in-service training, expenditure on equipment and facilities, and repairs and maintenance. Suddenly good business sense and viability have become more important than the needs of our young children who, unfortunately, have no voice in a time of economic reform.

As an early childhood educator I am constantly balancing good educational practices against the centre's viability. We seem to be encountering a period where economic gain far outweighs the needs and education of our young children. It is often difficult for parents and families to know what quality child care is and how to access it. Therefore, governments should be pivotal in this role if children's needs are to be met.

Our advisory committee strives constantly to review its financial management and working strategies to be a supposedly good business, but I question business in an area where we are caring and educating children. We are reviewing to a point where no further change can counterbalance the effects of the loss of an operational subsidy which in some centres was over \$50,000.

I believe it is not possible for our centre to offer a high quality service to children and families for less than we already charge, we just cannot keep doing that. To make any other cuts would be to offer a service that does not recognise the developmental, educational, cognitive and emotional needs of young children. Economic arguments are pointless in the light of the simple fact that good quality child care is labour and knowledge intensive. What does the level playing field really mean in the real world?

I want to comment on some of the points that were raised here earlier on. Many of the speakers have talked about choice. I find it hard to see how we are offering choice. Community child care is only 28 per cent of the child-care sector and yet those community centres are, like ourselves, having to put up fees which will in turn mean we will lose parents and we may even have to look at closure. I cannot see how we are offering parents choice when community centres are having to close.

There was a discussion before about what community centres are using their funding for. At our community centre we helped families by providing services such as a nappy service, good nutrition—which were hot meals cooked every day for children—qualified staff, highly experienced staff, high staff ratios to children so that children were able to get this better quality care, a physical and emotional environment of a high standard, and in-service training. Resources for children, parents and staff are just the beginning of what community centres use their funds for.

Mrs Heidrich—I am here representing the Swallow Street Child Care Association. We are a community based and parent managed centre. In her submission, Toni Cook, who is with me, presented a detailed account of the effect of the funding changes on parents with low incomes, the effect on usage and the struggle for viability.

The figures quoted give an excellent picture of the complexity of that struggle and I will not go into them now, the figures are there before you. Instead, I would like to bring together those ideas in a summary of the impact on our centre in a number of areas—the parent committee, the staff, parents, families, and children in particular.

Firstly, I will mention the parent committee. Our Treasurer, Toni Cook, has detailed the decisions that have had to be made with regard to fee structure. Our decisions have had to be revised again and again because of the effect on families and their usage of the centre. She has indicated the additional workload taken on voluntarily to ease the pressure on finances. The parents on this committee face the dilemma of how to maintain the level of quality they value and to stay viable. They often feel they are losing the battle—continued losses, constant uncertainty, the weight of the responsibility. These are people who mostly have a responsibility within their own workplace as well as within their own families with young children.

With parents and families, the reality that must be faced is that quality child care does not come cheaply. The majority of parents who use the centre cannot afford what it takes. Affordable quality child care no longer exists for low income families. For example, our submission details the effect of the 50-hour week on working parents who need five days attending a centre which needs to be open for 12 hours. It is difficult for working parents to see the fairness of these changes when it forces them to make unwelcomed decisions, leave the work force, use a mix of child-care services which they know is not in the best interests of their children.

Our submission speaks of the value parents place on the high standard of nutrition and hygiene which has been a policy of our centre. Unable to afford the increase in fees which maintaining the standard would demand after the loss of the operational grant, our parents are currently contributing both food supplies and voluntary time in the kitchen in an effort to allow the centre to continue to offer meals. As you can see, the commitment spreads further. They are saying clearly that they cannot afford further increases in fees. They want to maintain the standard.

In regard to the staff, over previous years, the centre has been able to maintain the stability in staffing not experienced by many centres. This is a culture of support which has been fostered by those who value this stability. There is a strong sense of commitment to care and education, to reflective teaching, to continuing self-evaluation and to professional development to ensure best practice is maintained. We feel, however, that this is under threat.

The decisions that we are making about children are made in the context of economics and not necessarily what is right for children. How to achieve the balance? We fear that, in the process of nibbling away at the edges of quality, we will lose sight of the whole and where we have come from. While we know that the stability I have spoken of is fostered by

offering staff permanent status, respecting experience and qualifications, meeting obligations by contributing to professional development, we now fear doing this. More and more, staff across the industry are being employed as casuals, and, at Swallow Street, we are no exception. It puts further stress on the qualified experienced staff. It erodes togetherness.

What of the children? The flow-on from all of this ends up with the children. We strongly believe in children as competent people. However, they do need support and understanding to foster this competency. They have every right to that support in this country that professes to observe the rights of children. There are some basic criteria for that support and they are mainly to do with people. They are to do with stability in relationships; the expertise of people qualified and experienced in early childhood education; the assurance that these people will be aware of and able to implement current best practice. They are areas which we have identified as being at risk within the present climate of uncertainty in child care.

In respect of some practical examples, there has been a tendency in some areas of child care to group children together across ages at the beginning and the end of the day and separate into age groupings for the time in the middle when the planned program is implemented. This is not a philosophy which we believe at Swallow Street is consistent with the needs of children in long day care. It assumes that children have a prime time for learning and that it will be determined by the adults in control. In talking with colleagues, it would appear that these beginnings and ends of days are encroaching further and further into the day, because it is more economical to care for children that way.

What priority is given to the needs of individual children? At Swallow Street, our philosophy of a child initiated curriculum is also being stretched as we economise on casual staff, sending them home as the child-staff ratio enables it, rather than considering where those children may best be placed or what support the remaining staff may need. There are less people with time available to sit and chat—one of the valuable things in life for young children.

I spoke in the early session of my particular concern for babies and toddlers in this uncertain environment. At Swallow Street, we have promoted the importance of small groupings for children under two and we believe this has been valued by people who use the centre. Because of uncertainty of enrolment and an inability to take risks with groups which may not fill quickly, we are currently working with a larger group in this area, while maintaining correct child-staff ratio. We see this as less than ideal for children in long day care. We are operating without our usual two- to three-year age grouping, so the children making the transition from the under 2-year-olds do so into an older and larger group of 2- to 3½-year-old children, again, less than what we consider to be good practice.

Where do we say enough is enough? And what of the future? The industry has, since the eligibility of Childcare Assistance was broadened to include all families, experienced much uncertainty. I feel it was just beginning to recover with the influence of accreditation and the capability of more qualified staff to implement appropriate programs for children in collaboration with families.

We see the latest changes in funding as responsible for sending child care back again to that uncertainty. What we have seen is a series of decisions which have been knee-jerk reactions to political demands from influential lobby groups and a misuse of previous funding practice. It is vastly important to get child care right. If we are to do that, we suggest that governments need to formulate policy which relates to the needs of children and that decisions which are made must have that as their measure.

This measure of accountability is a big ask and it will be a brave government which addresses it. However, it should be our expectation if we are to be honest to children. Children in child care will continue to be disadvantaged while child care continues to be considered a welfare issue. If we are to pay more than lip-service to the widely held belief of the importance of the first five years, child care and education must be addressed in a way at least equal with other forms of education—that is, with regard to funding, service to parents, status of staff. It cannot be linked to affordability and have that equality. Toni closed her submission with the reminder that, while children may be our nation's future, we owe it to our children to provide them the best for now. Thank you for listening.

Mr Amies—Joey's Child Care Centre is a long day care centre catering for 62 children. It is a private centre and it is in a very low socioeconomic area of Woodridge on the south side of Brisbane. The many changes to child-care legislation, our award and other overheads outside our control, over the past years, have had a major impact on our business. We are much less profitable, therefore we have had to adjust the way we do business to survive.

Some of the changes are as follows: we have reduced staff and staff hours; we now only employ staff on a casual or part-time basis to give us the flexibility to minimise wage costs. Wages represent 60 per cent of our business when our occupancy is at 75 per cent. We have increased fund-raising activities to raise money for equipment and resources, putting more pressure on parents to help support the centre. We have reduced costs by limiting the use of all controllable expenses—for example, cleaning, cleaning products, water, electricity, phone, petty cash, photocopying, food et cetera.

We work longer hours ourselves to keep up with all the paperwork—that is, my wife and I. We have increased fees wherever possible. In the last 18 months at Woodridge, we have increased the fees by 10c. We have reduced or cancelled extra services that were available to parents and put on hold capital expenditure—for example, painting, equipment upgrades et cetera. Although we have had many changes to child care over the past few years, the biggest change that has affected our business has been the introduction of the 20-hour limit.

How has this affected parents? Our families now have more financial stress due to the gap from 20 hours to 23 hours for two days of care. For a preschool child on the maximum percentage of 83.04 per cent at our centre, the parent now pays \$20.80 up from \$15.10, a rise of \$5.70. This fee will rise yet again in July when the percentages of all families drop. The fact that the rebatable hourly fee has been frozen for two years has placed an enormous financial burden on both parents and centres.

The reduction of days where a child came more than two days has meant that parents have had more pressure placed on them to try and provide a stimulating learning environment at home. These parents are very poor and cannot afford the resources, nor do they have

the training or know-how to best prepare their children for school. The discrimination between children will become more evident when children whose parents meet the work test are placed in the same year 1 class with children who, through no fault of their own, have had less school readiness because their parents did not meet the work test.

Many of our families will feel greater pressure on the family unit. With the children at home more often, they will have to try to cope with the stress of dealing with many forms of behaviour difficulties and special needs. Many of our parents will find it difficult to cope with this and the added responsibility of educating and developing their children. We believe that this will put many more children at risk. Many parents now have to compromise on the care that they use which may put the children also at risk by the use of unregulated backyard care or by placing further strain on the extended family, for example, grandma or grandpa.

How has this affected the children? There has been no consideration given to children who have special needs that are not necessarily diagnosed or named, for example, speech problems, socialisation difficulties, children from illiterate parents, motor skill problems, et cetera. These children are not at risk but they do have a special need which corrected or helped early will provide better school readiness and a greater chance for these children to make a positive contribution to this country and the future.

No consideration has been given to ESL—that is, English as a second language—children who need to learn English and the Australian culture before going to school and becoming a member of society. Many parents do not speak English or speak very little, so their contact with the centre helps them assimilate.

We have had 12 children drop days to comply with the 20-hour limit. We have had to amalgamate children into mixed-age groups on some days to cut wage costs. This causes confusion for the children and breaks up the plan program for the children.

Some parents, I am sorry to say, will continue their lifestyle of drugs, alcohol and prostitution. These parents are the result of past government social policies and a lack of community support. This means that their children will be limited in the amount of quality child care and may be left in backyard care or the parent will drag these children around with them. The lifestyle that many parents adopt is not what you would call a nurturing, loving or educational environment. These children will witness many things a child under five should never be subject to. These children are better off in some form of regulated child-care setting until these parents are afforded help to adopt to a new lifestyle and learn how to best look after their children.

There is no option given for families of difficult children with behaviour problems who need extra respite care. These children do not normally receive a disability allowance and two days of care is not enough of a break for some families, especially when they are caring for very young children as well at home.

How has it affected management? Parents took their anger out on the staff and blamed the centre because they thought we had put up our fees and were cutting back their hours. The new parent statement form was very difficult for many of our parents to understand. This came about because many of our parents are illiterate or do not speak or read English

very well. We can have families from over 18 nationalities attending our centre at any one time. This form was only produced in an English format. Our director had to spend the first two weeks on a one-to-one basis with nearly every parent—that was over 80 interviews—explaining to them and working out how many days they could afford and what their new fees would be.

Although this is a lot of work for centres, the government needs to understand the very important role that we play in helping implement government change and policy. Management and staff spend a lot of time and resources explaining these changes in a personal and professional way so parents are fully informed. We see this as an absolute necessity because these people are our clients, our friends and human beings and not just a number. Our concern is that, if Centrelink takes on this role, parents will not receive the helpful and friendly advice that is now offered by centres.

The first three weeks of May were spent working out room numbers, moving children to new groups where possible and coordinating staff. All these changes had to be explained to parents and staff. A director had to continually change the staff roster to maintain the balance between wages and income expenditure. It is continuing to be a nightmare trying to get it right with state licensing requirements, hours of operations, and the coming and going of children whose parents drop days because they find they cannot afford them any more.

Families that were affected by changes had to have their records updated on the computer. As the parents have made further changes to their days, this has compounded the problem. Soon we will spend more time changing every parent's percentage and working out their new fees when the percentages drop in July. We feel disillusioned and disappointed that our government yet again shows a lack of value and importance for early childhood education. Why train specialist early education teachers when you do not value or support the work that they do?

No provision has been given to our director, an educated professional, or members of the medical profession, like doctors, to make judgments about individual family needs and allow them to override the 20-hour cap, if needed. What parent would like to have the stigma hanging over their head that their child is labelled 'at risk' or 'abuse' or 'neglect'? This is one reason that parents do not come forward and why a more sensitive approach is needed. Parents are afraid the government will take their children away from them. There need to be independent people that the parents can trust, authorised to make decisions on both being at risk and in need so that all children can meet their full potential.

How has this affected staff? Staff morale is low due to the lack of stability and safety now that their jobs are threatened because of reduced numbers at our centre. We have worked hard to encourage all our assistants to study. We are proud that three of our girls will be qualified group leaders this year. These girls are concerned that four years of study will be of little value as jobs of full-time group leaders in this industry decrease. They are very concerned about their current hours and wages. They all have commitments. If the numbers reduce further and their hours are reduced, they will find it hard to make ends meet.

Among our staff, two are only newly married and another is engaged. One of our casual staff who over the past two years has averaged 12 hours per week as a lunchtime relief has

not been given many hours at all since the introduction of the 20-hour cap. This lady is on a disability pension and has had to have it increased. Her increased pension is now a cost to the taxpayers. Our staff are under a lot of extra pressure to perform and keep families happy.

One area where the staff have felt the burden of the 20-hour limit is in the constant changes to their rooms and programs. Much of their housekeeping, record keeping and programming has had to have constant change due to the children having different days. Even a small thing like locker rooms—

ACTING CHAIR—I am sorry. We have already run over time.

Mr Amies—I appreciate that, Madam Chair. But the others had a fair go, and I would like to have a fair go too, and just finish this page.

ACTING CHAIR—I think that they had less than you. Can you summarise the remaining comments you have there? Would you care to incorporate it in *Hansard*?

Mr Amies—I can give this paper to you for the balance.

ACTING CHAIR—It can be incorporated in the record of the meeting today, if you wish. We just simply are running out of time.

Mr Amies—I will finish up just to say that, in the balance of my paper here, I have three case studies which will give you some clear examples of what has happened to children. I also have gone back and looked at the four weeks prior to 27 April and our occupancy at the centre. It shows it consistently at between 86 and 88 per cent. After 27 April, there is a significant drop off to 76 per cent for the first week, 70 per cent the next week, then 72 and 71. It is continuing around that level. There has been a significant effect on our business.

ACTING CHAIR—Thank you very much. I do not wish to cut you off, but there are other people who have wanted to say more and, having such a large panel, it is very difficult. Is there anyone else who is wanting to make comment?

Ms Munro—I am speaking for Beenleigh Family Day Care, which is a family day care scheme sponsored by the Lutheran Church of Queensland. I am a parent user of the scheme. I have been using the scheme for seven years. Leigh Stamp, beside me, is our managing coordinator. She is responsible for the day-to-day management of the scheme.

In our written submission, we outline the likely impact of the abolition of the operational grant. We reported that we would have no choice but to increase fees and that we believed this would have a significant impact on our mostly low to middle income clients. A number of our families would have to reconsider their child care or even their involvement in the work force. I do not think you could say that many of them take working lightly, choosing to do poorly paid work regardless of the hours or conditions rather than drawing on the social security system.

Today we would like to draw the committee's attention to the plight of a large segment of the family day care market: families needing non-core hour care—late evening, overnight and weekend care. Family day care is the only provider in the child-care sector which considers the provision of non-core hour care as part of its core business. At Beenleigh, non-core hour care is so fundamental that it is used by nearly 60 per cent of families. The majority of our families—that is, 92 per cent—are using care for work or study.

We believe that should operational be abolished, those families using non-core hour care will have even fewer choices because virtually no-one else in the formal child-care sector even tries to meet their needs. They probably cannot. A care provider, on the other hand, can open her home to day care children at any time she wants. There are no extra overheads like airconditioning bills, extra staffing costs and so on. I might add that a care provider may be providing overnight care, for example, for only one child at \$2.40 an hour, which is our going rate.

Even without the potential impacts resulting from the abolition of operational, new families using non-core hour care already or will experience negative impacts following the April changes. The lowering of the Childcare Assistance ceiling for school age children affects all newly enrolled families with children in this age group. But those using non-core hours are further disadvantaged by having fewer child-care choices.

In our written submission we outlined the likely impact of fee increases on four families in our scheme. Today we thought we would show you the impact that the April changes would have on just two of those families if they just joined the scheme. You may like to refer to those families in our submission.

Family A was a single mum with three children, the two oldest being of school age. The care used is all core hours, but school holiday care is also required for the two oldest children. Prior to April, this family who get maximum Childcare Assistance had a parent payment of just over \$25 per school holiday week. If enrolled after April, the same family has a parent payment of nearly \$66 per week.

Family C also had two school age children and an under schoolie, but uses overnight care—that is, non-core hour care—as well as core hours. The single dad uses up to 90 hours care per week and receives maximum Childcare Assistance. Before April the parent payment was close to \$103 per week; after April it is \$149. This is a disadvantaged family now paying \$149, plus potentially another \$50 to offset abolition of operational—a total of virtually \$200 per week out of their own pocket.

For families with both school age and under school age children, there is another impact of the lower Childcare Assistance ceiling. The differential fee structure for fee relief for each age group means that some families may consider alternative cheaper options for their older children. You can imagine how disruptive it will be for working parents driving from one child-care venue to another to work and then back again at the other end of the day, not to mention the impact on the children being split up during the day, or the possibility that older children will be left at home with no care at all. At Beenleigh, nearly 10 per cent of families combine school and under-school aged care.

A final impact of the April changes that we would like to draw your attention to is the extra administrative burden. Already our initial interview with new parents takes around one hour. The April changes explaining the differences in Childcare Assistance for school aged and under-school aged children, immunisation requirements and the 20- and 50-hour limits have added an extra 15 minutes to that interview. A follow-up to collect immunisation information can add even more. With an average of three to four interviews per week, we are looking at one to two extra staff hours per week unfunded. Another impact is the information overload experienced by parents who just seem to find it very difficult to absorb all this information.

I will speak briefly on accreditation. Although we in Queensland have comprehensive family day care regulations to ensure quality of care, we believe that accreditation can only enhance our reputation as a quality child-care option. It will put us on an equal footing with centres. It is important though that accreditation is tailor-made for family day care. We need to ensure that we do not lose the unique features of family day care. Its less structured, flexible family focused approach attracts so many of its clients.

So far I have talked about family day care primarily from a financial perspective. While it is essential that schemes are financially viable and that funding arrangements are such that families can fairly access child care, we must not lose sight of the other dimension of child care—the benefits that it can and must offer to children. Family day care tries to provide a setting in which a child's all-round growth and development is benefited. It means focusing on strong relationships between a carer and a family day care child and the child's family. It is about providing security, stability and consistency. Family day care wants to provide an environment that reflects the community the child lives in and will grow to move about in with confidence and independence. Thank you.

ACTING CHAIR—As we have now run over time, I propose to allow one question per party, if that is possible. I have one question that I would like to ask Ms Raineri, and it is in terms of page 12 of your submission, where you state:

Under the current systems of accreditation, centres are given notice of impending inspections. It follows that the less reputable centres use the period of notice to raise their standards temporarily to satisfy the inspector only to return to lesser standards the following day.

Are you prepared to provide the names and addresses of those centres, and have you reported them to the authorities?

Mr O'Loughlin—Basically, that paragraph there is based on, I suppose you would say, anecdotal evidence in discussions with other directors at other centres and, indeed, other parent representatives. So no, I suppose at this stage we are not able to do that, but I suggest that inquiries could be made by the appropriate authorities to make those names known, but at this stage we do not feel it is our role to do that. That paragraph was included with some confidence; that is all I can say.

ACTING CHAIR—Have you reported them to the authorities?

Mr O'Loughlin—We have not at this stage. No, I do not feel, again, that it is necessarily our role. If there was a life threatening situation involved, then certainly that would be done.

Senator WOODLEY—I might ask one question of Mr John Perdriau, and it is to do with the whole issue of small business, which I think we have not dealt with, but it is an issue. You have highlighted in your submission:

It follows that if financial return from investment of a well managed child-care centre is not comparable with other investment opportunities, then small business investors will abandon the industry.

I was saying to some previous witnesses that, in moving around centres in Queensland, I have actually been offered the opportunity to purchase a number of centres, but declined. What I was discovering was, in fact, that a lot of people are now wanting to sell but are finding that they cannot get anything like a reasonable price for their centre. Could you comment on that, and anything else that you could add to your whole concern about small business investors?

Mr Perdriau—The industry, as I see it, is a significant element of the small business sector of our community. Governments in the past have looked to the small business sector to provide employment opportunities, and increasingly do so in hard times. Yet the industry, and the child-care industry specifically in small business, has gone through an awful abuse situation due to the unreliability of government policy past and present, which gives the banking industry the opportunity to really slaughter the child-care industry.

That is also exacerbated by the fact that the valuation industry does not value, in my view, child-care centres properly. They are very good on historical real estate values. They are, in my view, not competent to value businesses per se, so that gives the banking fraternity, particularly when they talk about specific, purpose-built real estate, the opportunity to severely curtail fund availability. Coupled with unreliability of government funding programs to the industry, this puts operators in general in a commercial sector of the industry at extreme risk. The only way that they can borrow money is by putting up their private homes as well.

It is double jeopardy for the majority of the commercial child-care industry, and they are at the mercy of the banks who, as we all know, have undue influence in this country and have a lot to answer for. So, in answer to your question, I am not surprised, if you have been touring centres, that some of the operators jokingly may have offered you an interest in their centres.

Senator WOODLEY—I was not serious.

Mr Perdriau—But I am telling you some of them were very serious because there has been a big exodus of utilisation of child care right across the board, whichever sector it is in the industry, and it has all gone to backyard care, in my view, as I have said in my submission.

That increases the cash element of the economy. We are talking about taxation reform. The present government is talking about taxation reform. It is somewhat ludicrous. They have promoted the cash economy, and that is in a monetary sense. In the terms of a standard sense for children, there is unregulated, unlicensed premises where these activities are being encountered and increasingly undertaken to the detriment of all sectors of the bona fide, traditional child-care industry.

Senator NEAL—I was going to ask a general question that each of you might wish to answer about affordability. We have received extensive evidence on this issue, and I think statements from many of you and other witnesses as well, that child care is no longer affordable for parents. I think in your submission you suggested that the maximum Childcare Assistance should go from \$2.30 to \$3.00—

Mr Perdriau—I stipulate \$3.00; sure—minimum.

Senator NEAL—What do each of you believe is the level of Childcare Assistance that would make child care affordable, and what is the justification for that view? You might want to start, Mrs Ross. I know it is a difficult question.

Mrs Ross—I think—

ACTING CHAIR—Could I ask before you start for the answers to be very brief, please?

Mrs Ross—I think one of the things that we have done in our centre, which has helped parents with their affordability, is that we have one cost for every child in the centre. We do not have any babies. Now, that puts extra strains on us, but we do it to try and help parents. There is no big secret: we charge \$30 a day—

Senator NEAL—Is it correct that you do not have any babies or you do not charge a fee for babies?

Mrs Ross—No, we do not have any babies; 15 months is our youngest. But we charge \$30 a day overall. Now we could not go any lower than that, but we cannot put it up any higher because parents could not afford to pay it because the gap fee is increasing so much. As I said, parents with one child who may only earn \$350 a week gross are paying \$39.50 a week, so there is definitely a lower end.

Mr Perdriau—Unlike Mrs Ross, I do have babies but, like her, I have an across the board flat fee of \$34 a day, and that impacts most beneficially on babies and toddlers and waddlers because the staff ratios are much higher in those younger age groups. Most operators charge an excessive fee or a higher fee at the start of child care, which is hugely ironical because, in the general sense of progress of life, the time that young parents need most financial assistance and help to establish their families is at the start of their family life. So there is almost a paradox in the way that the industry is forced, through regulations, to charge higher fees at the start and reduce as the child gets older when its staff ratios are more flexible.

What is affordable—to answer your question specifically, Senator—is really a matter, I suppose, of how Centrelink rates parents and what is the poverty line and what is not the poverty line. Obviously, people on the poverty line assessed as being maximum entitlees from Centrelink are the ones that need the most help. But that becomes a general economic question because socioeconomics dictate where they live, don't they?

Ms Raineri—Just very briefly, it is a difficult question to answer, but I think at the very least the base rates need to be raised. The figure that was mentioned, \$3—who knows? But the base rates need to be raised. I think that it also reflects on the question that Senator Payne asked before with the previous panel regarding whether, if the Childcare Assistance base rate is raised, the government then needs to have more impact on levels of fees to avoid that spiralling cost.

I think, if that happened, there would need to be a bit more regulation with respect to fees and standards—a bit more so than is currently happening under accreditation. I know it is another issue so I will not go into it. But, if the base rate was raised, then governments could feel, to avoid that spiralling cost, regulation could be more through some kind of fees, such as fees with respect to standards being implemented more than is currently done under the current system of accreditation.

Mr O'Loughlin—As the other speakers have said, it is an extremely difficult question. I really believe there are people more qualified than I am to suggest what might be an appropriate level of child-care related financial stress that might be imposed on people. Certainly, they have been able to do that, for example, with rental or mortgage payments, to say that 25 per cent or 30 per cent is all someone should reasonably have to pay to make what is an essential payment. Child care is equally essential, and I think a percentage could be fixed, with appropriate research.

An obvious solution or part solution might be to tie work related child care directly into the taxation system and look at the tax deductibility of work related child care, which then very laterally leads on, as other tax concessions do, to the value of that work to society and the income of that person and what is appropriate in terms of gaining that concession in taxation. It has been raised earlier that the value of the tax being paid by that worker is worth a lot of money to the country. Tax deductibility, to me, is an obvious solution for part of that problem.

Mrs Cook—The main issue with the receiving of Childcare Assistance and the rate for the rebatable fee is in relation to what the government is going to decide about the centres' charging practices. If they allow it to continue on a daily basis, I would see that it would need to go up to at least \$2.60 or \$2.70 per day. If they are going to bring in something to do with charging per hour of use, the relationship is then that the cost of providing that care has to be spread over a shorter period of time. If a person only uses care for eight hours per day, of course their fees are going to be a lot higher, and so the rebatable fee would have to be a lot higher, in order to be able to charge on an hourly basis.

Mrs Heidrich—I want to make one quick comment. This is not to suggest a rate for the rebatable fee, but the link which is always made between affordability and quality is a very tenuous one. When we see submissions for staff to be paid appropriate wages, the ability for

that cost to be met is always linked to parents' ability to pay. This is not something we can equate with teachers, for instance, within the education department. Whenever you are talking about affordability and quality, you need to recognise that you are putting the quality at risk when you continually tie it to affordability. I know somebody has to pay for it; but, on the other hand, the quality needs to be maintained.

Mr Amies—I would like to make a couple of points on that. Again, it is a difficult question to answer, because every centre would vary as to what they believed they would need. There are a couple of things the senators will need to understand. As you know, under state licensing, each state has different ratios of children. In Queensland we can have a ratio of from four children to one adult through to preschools with 12 children to one adult. You can see that the cost of operating in the younger children area is a lot higher when you have that kind of ratio, and the wages are the same for both.

What needs to be looked at is probably a split in the rebatable hourly fee, with a higher amount for the younger children and a different amount for the older children. We find in our centre in particular that, once the gap moves above about \$7 per day, suddenly it becomes unaffordable for parents. We have always tried to keep our fee, with the rebatable hourly fee, so that it stays below that level, because they just cannot afford it: it is as simple as that.

Mrs Stamp—A point I would like to make on Childcare Assistance is the change it is going to make to non-core hours, especially weekend hours, to those families with school age children enrolling after 27 April. For example, our weekend fee per child is \$3.20, and that has not changed all this year, so children enrolled prior to 27 April can get Childcare Assistance on a fee up to \$3.05, which is a 15c gap fee. School age children enrolled after that will have a 60c gap fee, because they can only get Childcare Assistance up to \$2.60.

The families using weekend care are primarily working people who might work in the hospitality industry, in nursing homes, hospitals, or retail—those types of jobs—and also some families with children with disabilities who are after respite care. We have a program through which we place children for weekend care, and that is impacting strongly. Those families are under a lot of stress, and they often will have care one weekend per month as a respite, so that they can sort of get some sanity back into their lives or do something with the rest of their families; and that is going to have a strong impact.

ACTING CHAIR—I would like to thank you all for coming today. I do not want you to go away thinking that there has been a lack of interest in terms of senators not asking questions: it is just a lack of time. If any of you would like to give to the Senate any more information—and various documents, of course, have been provided—if there is anything that you were unable to cover within the time, please give it to the secretariat staff and it will be included in our documentation received by the committee. Thank you very much, on behalf of the Senate.

[11.44 a.m.]

HUNT, Ms Lynette Joy, Early Education Consultant, Creche and Kindergarten Association of Queensland, 14 Edmondstone Street, Newmarket, Queensland 4051

RADICH, Ms Judy, Deputy President, Australian Early Childhood Association, Knox Street, Watson, Australian Capital Territory 2602

SHANNON, Ms Narelle Mary, Director, Branch Child Care Centre, Creche and Kindergarten Association of Queensland, 14 Edmondstone Street, Newmarket, Queensland 4051

WHITAKER, Ms Susan Rosemary, National President, Australian Early Childhood Association, Knox St, Watson, Australian Capital Territory 2602

ACTING CHAIR—Welcome. Do you have any comment on the capacity in which you appear today?

Ms Hunt—I am from the Creche and Kindergarten Association, which, as a part of its services to children, sponsors, manages and supports 14 community long day care centres and two family day care schemes.

Ms Whitaker—I am the national president of the Australian Early Childhood Association, but in my other life I am also the director of Community Early Childhood Services at the Creche and Kindergarten Association. I am here today as a representative of the AECA.

Ms Radich—As well as being the deputy president of the Australian Early Childhood Association, I am also the director of a community based long day care centre in northern New South Wales.

ACTING CHAIR—Thank you. I do remind witnesses, just in case you have not been here earlier this morning, that the giving of evidence to the committee is protected by parliamentary privilege. However, the giving of false or misleading evidence can in fact be a breach of privilege in the Senate. I now invite you to make a short opening statement summarising your views but not necessarily repeating that which is in your submission. At the conclusion of that statement, I will invite senators to ask you questions.

Ms Hunt—Community child-care centres are struggling to cope with the enormous impact of financial changes following the 1996 and 1997 federal budgets. The loss of operational funding represents a significant decrease in the ability of centres to provide affordable quality child care for vast numbers of families. This, combined with the impact of declining numbers of enrolments caused by a history of oversupply of placements, decreasing fee revenue for centres and changes to Childcare Assistance, has had a direct impact upon the standards of care given to children who remain in centres. Community centres, having lost operational funding, have had to increase fees to meet basic centre costs. In addition, changes are being implemented which seriously impact upon quality care for children.

Community centres have traditionally had as their focus the provision of quality care without the added concern of financial gain. Community centres have endeavoured to put the child first—a focus which, unfortunately, in our society has had little support. Child care has, at best, only ever enjoyed minimum standards, with legislation supporting minimum needs only. The rhetoric about children being valued in our society has never translated into a true commitment to high standards in all children's services.

Over the past two years, it appears that many families have felt that they can no longer afford to place children in formal child-care situations. Choices have to be made as to whether the cost of care is able to be offset by wages earned, and often it is simply not economically viable for parents, most often the mother, to continue to work and pay for care. The choice for some families may well be to use lower quality, unregulated or informal care, or to leave the work force altogether. Strategies to assist centres financially have translated into a further lessening of the quality of care for the very young.

A major impact has been associated with staffing and the ways in which staff are employed. Staff are increasingly being employed on a casual or part-time basis, maybe working reduced hours, and are rostered to be kept at minimum level—all to ensure that staff costs are also kept to an absolute minimum. Minimum rostering, without regard for the needs of children, families and staff responsibilities, but simply to meet a number criterion, is not indicative of a quality environment.

Parents and staff are increasingly finding it difficult to spend time together in discussion about the child, a necessity in ensuring that needs can be met and support given. Times of busiest staff responsibilities—for example, in setting up or closing down centres, setting up or packing away equipment, settling in reluctant or upset children, or preparing children to go home, and communicating with parents, et cetera—are being handled with minimum staff, who must still be responsible for those children present who may well have been in care from very early to very late each day.

Additionally, staff are attending to telephone calls, laundry and perhaps some cleaning—all tasks which are ongoing in centres but which need greater attention at the end of the day, times when minimal rostering has staff at lowest numbers, owing to the expectation that there will be fewer children present. These tasks take the responsible adults away from children at times when they are very much needed.

Clerical staff hours have been cut, and other ancillary staff may even have been dismissed altogether. Economic necessity has centres recommending that children be grouped together in mixed age groups, particularly when numbers are lower at either end of the day. Staff are then rostered to meet the adult-child ratios required for the combined group. Children may be placed with care givers who are not the responsible contact staff, and parents may be denied access to the staff who will be with their child for the day.

The inappropriateness of this practice is highlighted when children are under stress. Settling children who are suffering from separation anxiety for the day, and attending to the afternoon distress of very tired children who need individual care, are only two examples of when children both need and deserve an environment designed to cater for their specific needs and those of their parents. Children deserve the opportunity to function in a solo, small

group or large group situation, depending upon how confident they are to handle this. They deserve to have the familiarity of their own room and peers and familiar, constant care givers. The younger ages especially need continuity of care to meet their needs. Mixing of groups, based on an arbitrary numbers system, and rostering of staff to fit this system are not conducive to a quality setting.

Staff are present for the same times as the children; they do not have the luxury of set-up or pack-up time at either end of the day. This is a cost which cannot be afforded. Staff either attend to tasks—which, incidentally equate to those necessary in the running of a very large household, or even more—when children are present or else in their own time perhaps, before children arrive or after children go home.

Casualisation of staff and shortening of staff hours have had a similar impact, increasing the expectation on those permanent staff who must inevitably pick up the extra duties when casual staff are sent home due to lower numbers. It is important to realise that, even when numbers fall below the legal adult-child ratios under state licensing regulations—leading to the release of casual staff members for the day—the tasks and duties associated with the operation of the centre still remain.

Most importantly, the needs of the children are still there, and children must still be the primary focus of our staff. Often the director has become responsible for picking up the cut hours of others and their tasks, or else stepping into other roles in addition to that of director, which is in itself a full and vital one.

Casualisation of staff is also recognised as a factor resulting in a high turnover of staff in centres. The impact of this upon children is evident as significant adults in the centre leave the child's sphere. It is an obvious reality that staff employed on a casual basis will inevitably be looking for more secure and permanent work in their chosen field. Child care is a highly labour intensive field of work, employing many staff who have studied for some years to become skilled and knowledgeable about young children. The vast majority of these staff are dedicated to the provision of quality education and care for the very young in our society. Naturally, these staff want some security in their workplace. Staff are now chosen on the basis of cost and not experience or qualifications—a sad reflection when we can no longer give children the best staff but only the most affordable staff.

It is also recognised that there is a stress factor in working with the degree of intensity necessary in this field. Staff are working in a field which attracts inadequate financial compensation and poor conditions, under an award that offers them little recognition. A commitment to children is often the reason they stay in such a poorly acknowledged field. It is important that they are able to do the job to the best of their ability without the burden of having to work outside the parameters of an environment that has, as its focus, what is best for children.

Children deserve quality staff. Sadly, dedicated, committed and caring staff are all too often subjected to a type of insidious abuse, with expectations placed on them to function in ill-equipped or understaffed centres. Underpaid staff often purchase equipment, buy consumables—such as paint and play dough—and work longer hours than they are paid for, or may even fulfil general cleaning duties, simply out of their commitment to children and

their desire to provide an appropriate environment for them. The ill health of staff is often a sign of the stress under which all staff members, but particularly directors, are increasingly being obliged to work in order to maintain some semblance of quality outcomes for children.

Community centres are striving to address these concerns, but all too often cost is clouding the judgment of well-meaning financial advisers and accountants. Staff are expected to maintain extensive records and documentation to meet state licensing and QIAS, accreditation standards. Yet many centres are unable to afford to provide them with non-contact time to fulfil these duties. Those centres that are providing minimal non-contact time are finding that the cost of this is placing an added burden on already overstretched budgets. Staff once again will be expected to find time to address the record-keeping process somewhere in very busy days or in their own time.

While many community centres are struggling to maintain the most basic of standards in relation to staffing and the environment, it is questionable that they will be able to do so and continue to survive. Budgets, already reflecting the low enrolments caused by a variety of factors—from the oversupply of centres to the changes in Childcare Assistance—are being re-assessed, with expenditure provisions being further slashed.

Many centres are addressing financial concerns by cutting services to parents. Rather than some centres fully cutting some quality issues, such as staffing, parents are instead being asked to contribute more and more to centres financially. Fundraising for purchasing of equipment is now the norm, with parents paying once again for giving extensive time to these activities. Levies are being imposed on top of fees paid. Food is now being considered somewhat of a luxury, and parents are no longer assured that meals will continue to be provided. Some centres have parents supplying all or a part of each child's daily food requirements. This also means that the hours of cooks in centres have been lessened or cut altogether.

Other consumables are now being asked to be supplied. Thus, parents have now many hidden costs to consider in addition to fees, which have risen significantly. Our centres are suffering financially because we are striving to provide quality care for children but without adequate funds to do so. Research tells us that it is the quality of care for children that is the most important, and quality costs money. We believe that we have a moral obligation to continue to strive for that quality.

Ms Whitaker—I am very pleased to be able to address the Senate today. I just want to make a very brief statement at this point. The child care industry is in crisis. Given that there has been some suggestion that that is not the case, I want to make it fairly clear that, from the Australian early childhood perspective, we believe it is in crisis. Whilst many of us were very much in favour of reform of child care, of funding of a lot of the areas of child care, particularly in the area of the unplanned notion of it, and were pleased in fact to welcome the notion of reform, I do not know that any of us expected that it would go to the extent that it has. I believe that this crisis has been coming for a number of years. It has not just eventuated over the last couple of years. It has been coming, from our perspective, for the last four or five years.

The major issue that I want to raise today is this notion of affordability and quality. The terms ‘affordability’ and ‘quality’ have been used together since the inception of child care back in the 1980s—not that child care started then, but in terms of the funding of it. I would like to suggest to the hearing that in fact those two terms do not fit together particularly well—and never have. To be affordable is a desire for all of us, that child care should be available to those who need it in our community. Whether children are in a high income bracket or a low income bracket, it should be affordable for those children who need it.

The concern I put is that when you are talking about quality you are talking about a notion or a concept of something that costs money. When we talk about quality cars or quality furniture, or other industries where quality is mentioned, we are very aware that we are going to have to pay extra for the notion of that quality, the workmanship or whatever else that goes into it. The problem with child care is that we are talking about children in the main. We cannot afford to be offering a quality service for those that can afford it at a lower price. If we are going to believe the research that is available and is increasingly coming to hand about particular parts of the delivery of child care, quality—and high quality, in particular—is an essential item if we are going to provide the best for our children and to have outcomes that we are going to be pleased with at the end of the day.

I ask the Senate to look at those concepts perhaps separately. If we look at them separately and we take the notion that of course we want an affordable child care delivery but we also want to have—and must have, I might add—the best possible quality provision that we can, then we cannot leave it all, or most of it or a good deal of it, in the hands of the consumer. I know that government continues to fund quite handsomely the child care industry. There is no doubt about that. But you cannot take \$800 million out of an industry, or not spend it, and not expect that it will have some impact on many areas—and I am mostly concerned about the impact on children.

There has been quite a lot of talk about quality at this hearing today and I am pleased to hear that. There has also been quite a lot of mention of children today, and I think that is very positive as well, because often children do get left out of the equation. However, I do not know that we have identified clearly enough those two areas that are quite separate from one and other and as a society decide what it is we want from child care for our children and how much as a society we are prepared to pay for it.

Senator GIBBS—I just have a few questions here. I think, Ms Hunt, you said that fees have risen significantly. Are they your fees or is that because of the subsidy decrease? Have you actually raised your fees?

Ms Hunt—The fees in centres?

Senator GIBBS—Yes. By how much?

Ms Hunt—Over the last two years we have seen a rise of \$13 to \$22 over a range of centres in which we are responsible for over-threes; \$14 to \$28—this is the increase—

Senator GIBBS—Is that per day or per week?

Ms Hunt—This is the weekly fee.

Senator GIBBS—You were saying that in some of the centres they are not providing food.

Ms Hunt—Yes, definitely. That has happened in some centres.

Senator GIBBS—So the parents have to provide their own?

Ms Hunt—Yes. There are many community centres where parents are sending lunches. Food has ceased to be a viable option for the centres. They have had to cut expenditure, and one area they have cut it has been in food. We are currently in our C and K centres looking at the expense of food and how we can deal with that. There may well be some decision made on food in the future.

Senator GIBBS—I would have thought that the lunches would have been one area you would not cut because, surely, the children need proper food during the day.

Ms Hunt—That is right. That is why we are fighting hard to keep the food. We are looking at every area around keeping the food that we can because we believe that with the long hours that children can be in care—children can be there for over 10 hours a day—they need adequate nutrition through the day.

Senator GIBBS—Yes.

Senator O'BRIEN—Ms Whitaker, you said that the crisis in child care has been coming for four or five years. Are you saying you predicted this particular crisis or a crisis in general?

Ms Whitaker—I think there was growing concern, particularly in Queensland, about the lack of planning around the delivery of child care services which, inevitably at some point, if anybody had thought about it, would eventuate in a financial difficulty for the providers of the services. That has been compounded by the fact that the budget changes over the last couple of years have not necessarily taken it out of the industry but have actually stopped expenditure within it. I think that has resulted in an impact upon everybody concerned far greater than perhaps we thought initially. Our concern is mostly the impact that that will have on children. Really, to be honest, you cannot take a huge amount out—even over four or five years—of an industry of this nature and not expect it to have some effect on the consumer and the delivery of that service.

Senator O'BRIEN—Yes. It seems to me that the approach of allowing the market to set the supply level saw a continual increase in the number of centres and in the number of places, but a continuing rise in demand. What has happened is demand has been chopped off at the knees because affordability has been dramatically affected by the level of fee relief assistance.

Ms Whitaker—One of the other issues was—and people will probably debate with me over this—as a society, we had not really fully formed our views as to what child care was

for. It started as a provision for work-related care. I am talking here about the area that I know best, which is south-east Queensland. Because of the oversupply, people, in order to fill their centres and to make their centres viable, had to take on children for non-work related purposes. There were a lot of services that actually had a high proportion of children in non-work related purposes, two to four years ago. I do not have the statistics on that but I think if you look back you will find that was the case. They might have come from only one parent working, for example.

That actually gave a false impression about the utilisation of child care from a work related point of view in the first instance. Since then, I think, the impact of the funding cuts has had a huge impact—as a lot of people have said here today—on the affordability of even work related child care. Our concern is certainly about children walking away from child care, but it is also about the capacity of the provider to be able to provide a high quality service which, research tells us, is absolutely essential for children. Somewhere down the line we are going to have to find some balance between what the consumers' responsibility is around that, and what society and government's responsibility is.

Senator O'BRIEN—On the question of government responsibility, Ms Hunt, in terms of the community based sector, am I wrong in my understanding that, in the past, centres have set their fees on a break-even basis having regard to the views of the Commonwealth department?

Ms Hunt—Fees have been set on a break-even basis.

Senator O'BRIEN—And that has been in effect imposed by the Commonwealth department under the licensing arrangements?

Ms Hunt—I think it is certainly an expectation the community centres would be functioning on a break-even basis. Their focus has been for the provision of a service for children, as opposed to making a profit.

Senator O'BRIEN—So the government has been responsible for setting fees in the community sector for some time?

Ms Shannon—Yes, we need to have our fees approved by the Commonwealth once we have set them.

Senator O'BRIEN—Yes, that was my understanding. Those questions follow from something that Senator Payne asked earlier. Would it be a fair assumption to suggest that the level of fees in the community sector—and let us ignore the last couple of years—previously, effectively, had been a cap on fees in the sector generally? In other words, they have an influence on the fees charged by private providers?

Ms Shannon—I would say that probably, yes, they acted as—

Senator O'BRIEN—I am not asking you to answer if you do not have any views that you might have derived from looking at the performance of fees in both sectors.

Ms Hunt—I think all centres certainly are aware of fees of other sectors. Fee comparisons are certainly made and influence fees for your area, most definitely.

Senator O'BRIEN—Thank you very much.

Senator WOODLEY—I want to address the casualisation issue which I think Lynette raised. It is in a couple of the submissions, anyway. You were saying that there has been quite a significant casualisation of staff. Can you spell that out a bit? Do you have any statistics to say how many staff, or what percentage of staff have shifted from full-time to casual? Do you have any information along those lines?

Ms Hunt—I have no statistics on that, but I can tell you as the director of a centre—and Narelle would be able to support this—we have reached the stage now that, when a staff member leaves, they are not necessarily replaced with a permanent staff member. We are immediately looking at replacing them with a casual staff member.

Ms Shannon—There is currently a policy of having at least two casual staff members in each of our centres.

Ms Hunt—Minimum.

Ms Shannon—That is, staff who work hands on with children. That is apart from your cooks and your clerical assistants and those sorts of people who are also casual.

Ms Hunt—Child contact staff. Some of the smaller centres may have six child contact staff. When you have at least half of your staff casual, it has a significant impact on even the functioning of the centre with things like having two qualified permanent staff available mornings and evenings to take responsibility for the centre and, certainly, the children.

Senator WOODLEY—I am looking at submission B from Susan Whitaker which refers to the casualisation of staff. There seems to be almost a contradiction. I do not want to suggest an answer to a question, but I think probably what you are suggesting is that casualisation is being forced on you, but you do say that surveys have shown that the majority of women with young children prefer to work on a part-time basis, which suggests choice towards casualisation or part-time work. I presume what you are saying is that it is not a choice so much as an obligation.

Ms Hunt—One is discussing parents, I believe, and enrolments in the centre, and one is talking about staff. There is no assumption that has been made that staff are women with young children.

Senator WOODLEY—It needed to be clarified because there seemed to be a contradiction there.

Senator PAYNE—I want to ask the Australian Early Childhood Association one question in relation to point 2 in your submission on the collection of information. You note in your submission that you had responses from 147 parents in each state and territory

except Tasmania. Can you tell me what the potential size of that response was? How many parent members do you have?

Ms Whitaker—It would not have been members; that is the first thing I need to say. Each state branch—Judy, you are probably more familiar with how this was collected—was asked to hand out or send out surveys within their ambit, and from that there were these responses.

Senator PAYNE—Each state branch of your organisation was asked to hand out surveys to their members. Your members are child care providers in the states and territories?

Ms Whitaker—Mostly child care providers. There may be some parents in there as well. They crossed the service types because we are not sector specific.

Senator PAYNE—How many members do you have?

Ms Whitaker—We have got approximately, throughout Australia, 200 in most of the mainland states. Tasmania has a smaller number. So we have approximately 1,200.

Senator PAYNE—Of those 1,200, 61 services responded, and that included responses from 147 parents?

Ms Whitaker—Yes. The state branches through their executive would have taken the surveys out to services who may not actually even be members of ours. They would have taken them out to services, and the parents of those services may or may not have filled them in. The services may not have either. They were not necessarily members of ours even though they were put out through the membership.

Senator PAYNE—Can I ask you one further question in relation to the parents that you refer to in each state and territory except Tasmania? Is there a preponderance of responses from a particular state? Are many more of them from, for example, New South Wales, or many more from South Australia or something like that?

Ms Whitaker—I could not tell you that.

Senator NEAL—There have been a number of comments made about the reduction in usage of child care centres or underutilisation. Are you able to make an assessment of what proportion of reduction in usage there has been in the last two years, or since 1996?

Ms Whitaker—The proportion in the drop in usage?

Senator NEAL—I suppose there is a percentage or a proportion.

Ms Whitaker—I do not think AECA would be in a position to know the percentages. I do not actually know who is collecting that, but I do know that from hearsay—and I do not know whether you want to know hearsay—

Senator NEAL—I really just want, I suppose, an intelligent assessment from your point of view.

Ms Whitaker—It has dropped from nearly 90 to 100 per cent, I would say, down to around the 50 to 60 mark, and in some cases lower than that.

Senator NEAL—Is that more so within Brisbane or outside Brisbane, the regional areas?

Ms Radich—Outside, I think. In northern New South Wales where I am, it certainly has affected that area. Utilisation from centres closing to 90 per cent, but most probably working around the 65 per cent.

Senator NEAL—I have just one question on the planning process. It has been said to us in some other states that, in fact, the planning process that has been introduced still creates situations where new centres are being approved in areas where there are already places available. Have you found that in Queensland, as well?

Ms Whitaker—Not to the extent that it was, but I think that for community based services, it has taken some time to get the planning process into place. There have been approvals given, maybe even a couple of years ago, which might only just have been put into—

Senator NEAL—I do not mean the ones that were approved previously. I mean under the new planning scheme have there been centres approved in areas where you would have thought there is already a sufficient supply?

Ms Whitaker—Not that I am aware of.

Ms Radich—I would say there has been one in northern New South Wales that I am aware of.

ACTING CHAIR—Let me ask one question in terms of the cost of community versus private centres. One of the things that is a constant source of fascination for me is that the community centres are now increasing their fees at such an enormous rate when the private centres have never been recipients of the operational subsidy. Also, from the point of view, private centres have generally had to pay for their premises, rent, upkeep, and all of those things, when generally the community centres have been given capital grants to cover those costs. Can you explain to me why there is that differential when there are so many more costs associated with a private centre vis-a-vis a community centre, not only now but for time immemorial?

Ms Radich—I guess, traditionally, community based centres have perhaps always worked on maximum numbers of qualified staff rather than minimums around regulations. So that is certainly one of the larger areas of cost that I would see when wages in most centres are perhaps 80 per cent of a centre's budget. So, certainly, that is one area where the costs—

ACTING CHAIR—But private centres have not been able to drop below required levels of staff.

Ms Radich—No. But I am talking about licensing requirements as minimum standards. For example, in my centre we need two teachers and one qualified child care worker. Whereas, in fact, we have two teachers and six qualified child care workers because we believe that that is the essence of quality and research tells us that quality staff are high indicator, or one of the indicators, of a quality service for children. So that is in one spot.

Ms Whitaker—Can I just make a comment? I suppose that is what I was getting at in my opening remarks, this notion of quality. We use the term ‘quality’ very often to describe the minimum regulatory requirements today. It has become a word that is very commonly used. If one talks about high quality, you are branded as wanting to offer a Rolls Royce service—I think that was a term that was given to me. For our society we need to get straight what we mean by quality. What is a requirement in terms of a high quality provision? If we are going to offer only the minimum standard, we need to get straight whether we can come to terms with the fact that that may not be sufficient to provide the outcomes that we believe are important for children in our society.

ACTING CHAIR—I do not know what you are trying to imply by that. I do not know whether you are trying to say that the community centres are providing a higher quality—

Ms Whitaker—No, I am not—

ACTING CHAIR—People are voting with their feet. Seventy per cent to 80 per cent of people are using the private centres.

Ms Whitaker—I do not know that the reduction in utilisation in community centres means that they have gone to the private sector. I would like to say that in the first instance. I think that a lot of people have indicated today that they are not going to any regulated sector. They are going, in fact, into informal care.

I believe that private and community both offer a variety of quality provision. I do not think that there is any doubt about that. What I am trying to say is that we do not, and have not, come to some agreement about what that quality level is, except that it is the baseline, the minimum requirement under the regulation. That is where we are working our funding. I am not getting into the debate about community and private.

ACTING CHAIR—I would love to have a debate on quality, believe me, because the allegations that have been made right through these hearings on quality have, in many cases, been quite scurrilous. Yet no-one has been able to provide to me the name and address of one single centre that is falling below a certain standard of quality. That is a separate issue.

Ms Whitaker—I am not debating that.

ACTING CHAIR—That is not even my question. I am asking about the price differential that has always been thus.

Ms Whitaker—I just wanted to say one other thing. If you are asking about that price differential—I do not have the figures to hand—I think that in the community sector there is a cost in providing that community provision. Even though you have got voluntary parents who are sitting on committees and all of those things, there is an aspect of that which bears cost. Whether it is equivalent to, or whether there are other factors as well, that certainly is a factor in that cost differential—or what was a cost differential.

Ms Radich—Fees often encompass many different things. Some fees mean that you pay for your child to be able come in the door and have a day in child care. Other fees encompass things such as meals, nappies, excursions, entertainment—a whole lot of added-on services, I guess. Sometimes, just looking at a fee does not necessarily tell you what exactly families are getting for that fee each day.

Ms Hunt—Traditionally, community centres have endeavoured to provide a full service, including food and nappy service, consumables and—while we spoke before with Senator Gibbs about being forced, perhaps, not to provide food in future—there are many centres that have never provided food, or have never had a cook. There are lots of costs that need to be added on to fees because of the full service situation.

ACTING CHAIR—Thank you all for coming today and giving evidence to the committee. Thank you very much.

[12.24 p.m.]

BRIDGE, Mrs Gwynneth May, President, Child Care Industry Association of Queensland, 32 Park Road, Milton, Queensland

STAPLETON, Mr Kevin Noel, Vice President, Child Care Industry Association of Queensland, 32 Park Road, Milton, Queensland

ACTING CHAIR—I welcome representatives of the Child Care Industry Association of Queensland. I remind you, of course, that your comments are protected by parliamentary privilege. However, the giving of false or misleading evidence is subject to a breach of parliamentary privilege and, therefore, you are advised accordingly. I now invite you to make a brief opening statement at the conclusion of which I will invite senators to ask you questions.

Mrs Bridge—Firstly, I would like to thank the Senate for bringing this inquiry to Queensland. It has enabled a cross-section of the industry to state their case and to give you an idea of just what is happening in Queensland.

The Child Care Industry Association of Queensland represents approximately 190 centres from Mossman to Tweed Heads and is also part of the Australian Federation of Child Care Associations which is the peak national body for the private child care sector. Private child care provides approximately 80 per cent of the regulated care in Queensland and 73 per cent nationally. As you have already heard in this hearing today, child care providers—staff, parents and children—have all been seriously affected by the federal budget cuts of 1996, 1997 and 1998.

The removal of the \$30 disregard for siblings, the freeze on the \$2.30 rebatable hourly fee, and the work and non-work related restrictions, have each played a part in bringing the child care to its current fragile position by increasing the gap fee to be paid by parents. Another issue I would like to put in there is the 1800 number that was mentioned briefly before. The private sector in Queensland is having a major problem with this 1800 number in that, apparently, the names come up as they were loaded into the database. The older centres were loaded in first and that was the community sector. Private child care is not coming up in any order at all.

Lack of planning by federal governments has resulted in an oversupply of child care places and is also a contributing factor to the current position we find ourselves in. The planning mechanism introduced in the 1997 budget is welcome, despite the fact that in some areas of Queensland it seems the supply of child care places will exceed the demand in the foreseeable future. CIAQ strongly urge that the national planning framework be retained past the currently planned two-year period.

In answer to your previous question, Senator Neal, I am on the national planning framework in Queensland and there were no long day care places issued for the current year. State pre-schools have created additional places and are also now extending to before and after school care with the Childcare Cash Rebate being extended to outside school hours care. This is enticing more families to use that service. During the past 18 months this

association has been particularly concerned about the misinformation promoted through media, both in Queensland and throughout the rest of Australia, confusing parents and undermining consumer confidence.

There have been claims that child care is unaffordable due to the rising costs of fees. Fees throughout the private sector have risen minimally, generally by \$1 per day over the past two-year period. In many areas fees have not risen at all. In fact, a large number of licensees have reduced fees for children who attend five days per week to assist parents who were affected by the increase in the gap fee caused by the 50-hour restriction.

In the case of a centre being open for 60 hours and the child receiving 83.04 per cent Childcare Assistance, the increased fee to the parent on that 50-hour is \$19.50 a week. Many private licensees then subsidise the parents' fees by reducing their fee by \$10 on the weekly rate. As families are aware that the fifth day of care is at an increased cost to them, a trend to share care with a relative or friend is emerging. At the same time as reducing fees in an effort to maintain occupancy, wages have increased by 20 per cent over the past two-year period.

Fees in Queensland are low, as you have heard today: \$29 to \$30 a day for 3-year-olds to 5-year-olds, and \$33 to \$35 a day for babies and toddlers, on average. Utilisation rates are critically low, causing many centres to be operating at an unviable level. Licensees in some instances are now working on the floor—cleaning, gardening, and doing all the positions that once they may have employed people to do. The fact that they are small business people is really showing now and they are getting in there and making their businesses perform.

The fact that the Childcare Assistance budget was underspent by \$117 million is an indication of the underutilisation in the centres. Lower and middle income families have been most affected by the budget measures introduced over the past two years. As child care fee increases have remained low, parents who pay full fees, or who receive low Childcare Assistance throughout the private sector, have not been seriously disadvantaged. In fact, many of these parents have been advantaged by the reduction in fees for the five-day booking. Figures received recently in the Caboolture area show that 50 per cent of their population have incomes less than \$300 per week net; 47 per cent have incomes between \$300 and \$1,000 per week net; and 3 per cent have income more than \$1,000 per week net. This area would obviously be seriously affected by the reduction in Childcare Assistance subsidies.

Our members have reported considerable losses in days after the introduction of the 20-hour cap. Some centres are still losing children whilst others are slowly gaining new bookings. However, as you have heard, many are struggling to reach the point of utilisation prior to 27 April 1998. In previous years, the second half of the year saw utilisation climb, whereas this year, growth appears to have stalled and in some cases, is decreasing.

An area of concern is the lack of demand in the lower age group. Many centres are reporting large vacancies in their baby groups. This is a considerable problem as we look at next year. If we do not have babies coming into the lower end, and our pre-schoolers leave, utilisation will again fall. An increase in the rebatable hourly fee to a higher value for the

nought to 2½-year-old age group would provide a much needed incentive for the parents of babies to place them into regulated formal long day care, rather than seeking informal care.

The informal sector in Queensland has still not been addressed by the state government and at present, unlicensed carers can care for an unlimited number of children. CIAQ does not support that these carers should be eligible to register with the Health Insurance Commission for the provision of the Childcare Cash Rebate. CIAQ does not support the government's decision to permit carers in the informal sector to be under the age of 18 years.

It appears a contradiction to have so many child care places unused in licensed accredited child care centres that employ qualified staff, whilst the informal sector is being permitted to grow rapidly. The safety of this informal sector is not monitored and the issue of child protection is of major concern.

Staff morale in centres where rooms are closing and operating a mixed age group is generally low. Job security is no more. The employment trend is for licensees to maintain staff but to share hours on a casual basis. Staff have reported difficulty in surviving financially on their reduced wages. Staff are under stress not to have children cancel from their care.

CIAQ would like to recommend that the Senate review these issues. Firstly, we would like to see the planning framework kept. Secondly, we would like to see an increase in the rebatable hourly fee to a substantial level. We would also recommend that the Senate look at a different rebatable hourly fee for that nought to 2½-year-old and 3-year-old age group to encourage parents to put their babies into formal care, and extend the current 20 hours of non-work related care—we would really love three days, but two full days would help right throughout the industry—and we would like to see a withdrawal of the Childcare Cash Rebate available through the Health Insurance Commission to the informal sector unless the carer is an immediate relative. We would also like to see longitudinal studies to see where child care is going, and the setting of long-term goals for the early education of our children in the nought to five age group.

ACTING CHAIR—Thank you. Senator Woodley?

Senator WOODLEY—I would like to just ask a couple of questions on some of Mrs Bridge's comments. In terms of unregulated child care, you said that providers could have an unlimited number of children. Do you know what some of those figures might be—how many children—

Mrs Bridge—Unfortunately we do not know where the informal sector is. They are in the suburbs. They are not putting their hands up and saying where they are. Those registered with the Health Insurance Commission are known, but no, I cannot answer.

Mr Stapleton—I know there is one up in Townsville that has something like 25 children under the house.

Senator WOODLEY—Yes, that is one that I was aware of and the state cannot do anything about it, or will not do anything about it. Do you have any figures on the percentage of growth in the unregulated area in the last couple of years?

Mrs Bridge—Yes. There is a table in there. I must correct something there. In this submission it says 97 per cent. It is actually 91.68 per cent growth in Queensland, and that is for carers.

ACTING CHAIR—Where exactly is that?

Mrs Bridge—Three pages in, down at the bottom there. It says: 97 per cent growth, and it should only be 91.7 per cent.

ACTING CHAIR—Thank you.

Senator WOODLEY—What period?

Mrs Bridge—We have got figures out of the Health Insurance Commission over three years.

Senator WOODLEY—I have just one other question, something that I am interested in—I know other people want to ask questions. You say in your submission that many church organisations are now entering into the child care sector and it appears inequitable that these organisations remain not for profit. I was wondering what the inequity was there—because they do not have rates, or what?

Mrs Bridge—We have heard that certain church groups get capital grants for upgrading their premises, and so on, which are not available to the private sector. We are out there being a small business and meeting all these costs ourselves.

Senator WOODLEY—Do you have any documented evidence or—

Mrs Bridge—Of that capital grant to a church?

Senator WOODLEY—Yes.

Mrs Bridge—Yes. I checked that yesterday and—

Senator WOODLEY—I would be concerned about that myself. It would be useful to have.

Mrs Bridge—I will get back to you.

Mr Stapleton—There have been reports in the past, and I cannot bring you evidence, of groups like a child care centre associated with a church or a similar group, where it is part of a large operation, from which what we would call profit is being moved from the child care centre to other operations. They may be worthwhile operations doing community work but in fact surpluses from the child care operation are moved into other operations.

Senator WOODLEY—Any evidence of that would be useful.

Senator PAYNE—I wanted to ask one question in relation to the beginning of your submission and the 50-hour cap on care where you indicate that you believe it is causing hardship for parents and for providers. Is it not the case that parents who legitimately require more than 50 hours care can apply for an exemption?

Mrs Bridge—Yes, they can. However, because we are a long day care centre and most of our members are operating in excess of the 10 hours, the fees are charged for the long day, so when the parents come for five days a week it is a 60-hour fee. If they come for four days it is 48, so if they came on the fifth day they were only able to access two hours of Childcare Assistance for that fifth day which increased the fee by \$19.50.

Senator PAYNE—Right.

Mr Stapleton—It is not a question of how many hours the parent works. Most parents require less than 50 hours of care but the way the government pays the subsidy, and we have always accepted the method in which it is calculated, is that when a fee is charged daily, the subsidy is paid on the number of hours the centre is open. A parent may well in fact only use 50 hours of care but the cost of their care had to rise because they lost, for example, 10 hours of subsidy per week.

ACTING CHAIR—That really highlights the problem that they were paying for time that they were not actually using.

Mr Stapleton—They were not paying for time they were not using. It is the way that the subsidy is calculated by government. The government only calculates its subsidy on \$2.30 an hour which is a ridiculously low rate. If we want to move to hours used and hours booked, we have to talk about a totally different rebatable hourly fee structure.

Senator PAYNE—The basis for my question was that we have received a great deal of evidence over the period of the inquiry, which has extended over some time now, relating to the 50-hour issue, where needs for travel and transport and things like that pushed time out beyond that. We have received evidence that people have been able to apply for an exemption and obtained it. I just wanted to clarify that with you.

Mrs Bridge—Yes, they can definitely apply for that exemption. However, we are in areas where we have to provide a service from 6.30 in the morning for the parents who are nurses and so on and going off. Then we have to be there again at 6.30 in the evening for the parents who come at that end of the market, so from the cost structuring of a day, the parents who only use the little in the middle, are subsidising the whole day.

Senator PAYNE—That gets back to Senator Knowles's point, I think.

Mr Stapleton—I think on the point of equity, if a parent only required four days—let us say they are working four days a week—they were not affected at all by that change. They may have been getting four days at 12 hours subsidy a day, so they were getting 48 hours subsidy a week. It only ever affected the parent who worked on the fifth day and as an

industry we could not understand the equity of penalising a five-day week worker but not a four-day week worker. If there had to be cuts to reduce government outlays, it would have been fairer to do it across the board, rather than simply penalise those five-day week workers as opposed to a four-day and a three-day week worker.

Senator PAYNE—As I understand it, there is in fact a very small proportion of parents who used in excess of 50 hours care per week.

Mr Stapleton—I do not know whether we have not explained the subsidy situation—

Senator PAYNE—I understand what you are saying. I was just making an observation.

Mr Stapleton—Let us say a parent comes four days a week and works four days a week. They may only work six hours a day, 24 hours out of the 48, but they get 48 hours subsidy. That is the only way in which their gap fee is affordable to them. If we charged everybody on the number of hours they work and that was the way government paid the subsidy, nobody could afford child care.

ACTING CHAIR—The point that Senator Payne is trying to raise is that only 70 per cent of Childcare Assistance paid for in long day care centres is for hours that are actually attended.

Mrs Bridge—The hours that the centre is open are to cater for the needs of the children throughout that whole day.

ACTING CHAIR—We understand that.

Mrs Bridge—Staffing would then have to go so casual that the whole structure of the industry would change dramatically. Staff would never know whether they were going to be working for five hours in a day, eight hours in a day or what they were going to get in a week.

Mr Stapleton—If parents only got a subsidy for the hours their children attended then, on average, their fees would have to double because if the average child attends, say, six hours a day, and they are currently getting 12 hours a day subsidy, if government suddenly said, 'We are not going to pay for the hours not used,' which is six hours, there would be six hours of subsidy every day the parent would have to pay. There is no more money in our tin. Somebody has got to pay the staff. The parents simply could not afford to double their gap fee. It is just not possible.

Senator NEAL—I want to ask you about the question of your fees being raised and parents being able to afford child care. You made the point that private centres had only marginally increased their fees and that there had been publicity that suggested otherwise. I do not have any argument with that but I just would like you to clarify that, even though fees have not gone up more than marginally, parents are paying more out of their pockets. That is correct, is it not?

Mrs Bridge—That is correct. Parents are paying substantially more, but it is not through the increase of fees. It is through the decrease in the Childcare Assistance available to them.

Senator NEAL—Parents are paying more as a result of reduction in federal government funding to child care, not through an increase in fees?

Mrs Bridge—Very much so.

Senator NEAL—In your submission, you gave an example about 16 of 23 private service providers which were operating at less than 75 per cent. Are you able to make an intelligent estimate of what is the average usage rate for private centres in Queensland at the moment? I suppose of your members is really all I can ask.

Mr Stapleton—We did a survey of our members. We have about 150 members. I think we got about 70 responses. The average occupancy was about 70 per cent.

Mrs Bridge—I would think it would be around 60 per cent—the average occupancy. We have people with double centres with centres closed. That brings the occupancy down considerably. If a private centre is operating at 70 per cent at the moment, it would consider itself doing fairly well. Yet, 70 per cent is not a viable point.

Senator NEAL—That is what I was going to ask you. Have you done any work on the level of occupancy a centre needs? I suppose it varies a bit from place to place, but what sort of occupancy do you need to make a centre viable?

Mr Stapleton—On our financial studies, we estimate that the break-even occupancy point is about 70 per cent, assuming that you are paying a market rent for the property, where you factor in that cost as a property cost. You either pay rent or you pay a mortgage. If you have to pay that amount—in other words, you do not own the premises, which most people do not—then below 70 per cent you probably cannot afford to pay the landlord or the bank. That is the break-even point. You are not making any profit.

Senator NEAL—What that means is that many centres in Queensland—from what you are saying, the majority—are technically insolvent in that their income is less than the cost for their outgoings and wages. Is that the situation?

Mrs Bridge—Many of our member centres are in financial crisis. We have heard of members who are selling their homes to subsidise their businesses because as Senator Woodley pointed out before, sales are not wonderful at the moment. Many people are having difficulty staying open.

Senator NEAL—Having said that, I think one of the earlier submissions said that only four centres had closed in Queensland in the last 18 months or so.

Mrs Bridge—What we are finding is that it happens very slowly. People shut one room. They shut two rooms. They shut three rooms, then they go a mixed age group, which is 21 children from nought to five. People are trying to hang on hoping that things will get better and they will turn the corner. But it is a big decision to walk away from a business. Many of

these are retirees who have paid substantial amounts of money and they are loath to close the doors and walk away from these businesses.

Senator NEAL—Really what you are saying is that a lot of private child care centres in Queensland are really just hanging on and that if things do not change in some way that many of them may close sometime down the track.

Mr Stapleton—I think, realistically, somebody will not close a child care centre unless either the bank forces them to, or they run out of money to pay the staff. You really have no alternative with the building in most cases, because it is built in a suburban location and is purpose built. It is not as if you can turn it to some other use and make some money out of it. People live in hope, I guess, so they always hope that next week there are going to be more enrolments, or committees like this will ultimately flow through to government policy and we will see some funds put back into the sector.

Senator NEAL—Can I ask you the question I asked earlier which was: what level of child care is affordable? How do you measure it and what level of Childcare Assistance would make child care affordable?

Mr Stapleton—That is a difficult question and I am sure you are having difficulty coming to grips with it.

Senator NEAL—That is why I am asking you.

Mr Stapleton—If you look back, say, three years ago, from my own experience, parents still had trouble paying the gap fee. Some of that is to do with some people managing their money better than others, but generally you still had to chase a fair percentage of parents for the fees and some had to pay it off. They have never found it easy to pay the gap fee.

But as a starting point, if you look back at what the gap fee was three years ago and you restored it to that level of affordability, because there are—

Senator NEAL—That is the 85 per cent?

Mr Stapleton—Sorry?

Senator NEAL—That is the 85 per cent.

Mr Stapleton—No. There is a combination of things. There is the hourly \$2.30 rate; there is the percentage which parents get through having multiple child rates; there is the \$30 disregard that they took away, which was if you have three children, you get money taken off your income so it effectively gives you a higher percentage of rebate to claim on your fee. There were all those things which impact on affordability but, if you said, 'What was a certain family paying three years ago and what mechanism will we use to restore that affordability?' I think that would be a good starting point. There are different mechanisms you can use. You can restore the \$30 disregard and you can make it \$40 instead of \$30 or \$20 and you can juggle different factors in the equation. But, ultimately, you have to get it back to people paying \$5 or \$6 or \$7 a day for their care, otherwise they cannot afford it.

Mrs Bridge—If there were some increase in that rebatable hourly fee to a substantial amount, would the community sector be as affected by the loss of their operational subsidy as well? It seems that they are hurting for one reason and we are hurting for another but the whole, across the sector, is hurting. Maybe it is in the increase of that rebatable hourly fee that some relief will happen.

Senator WOODLEY—Some equity.

Mrs Bridge—Some equity, yes.

Senator GIBBS—I am quite concerned about these unregistered places where they are taking children. Do child care centres pay insurance as a risk against accidents, incidents and that sort of thing?

Mrs Bridge—We certainly do. We have to carry \$10 million.

Senator GIBBS—Okay. So the Queensland government is allowing the lady next door, the person down the street or anybody in the world to take children in if parents are prepared to take their kids there to be looked after. They are not licensed; they are not regulated, and they can have as many as they want. That is correct, isn't it?

Mrs Bridge—And they can also send their tax file off to the Health Insurance Commission and the people using that care can get cash rebate.

Senator GIBBS—And there are no criminal checks carried out on these people?

Mrs Bridge—No.

Senator GIBBS—These people could be child molesters, paedophiles, lunatics, whatever?

Mrs Bridge—Yes.

Senator GIBBS—So, there is absolutely no—

Mrs Bridge—The restrictions on these people are—

Mr Stapleton—It is unregulated. Unlike family day care where there are inspections on the homes to see if they meet a certain safety requirement with accessibility to household appliances and the swimming pool and all those kind of things, there is no mechanism in place to regulate this type of care.

Senator GIBBS—And this is what the Queensland government is allowing, and has allowed?

Mr Stapleton—That may be because of legislative constraints. We do not know, but they say that they have great difficulty. I think they went to visit one and the parents chased them out.

Senator GIBBS—The government can legislate and do anything they like if they are government.

Mr Stapleton—Sometimes.

ACTING CHAIR—Not necessarily, when you do not control the numbers in the Senate, let me tell you.

Senator GIBBS—There is not one in Queensland, Senator Knowles. It is a one-house system. Whoever reigns and rules in this state, actually rules.

Mr Stapleton—That is Liz Cunningham.

Senator O'BRIEN—My questions have been answered, thank you.

ACTING CHAIR—One quick question because we are running over time. I noticed that you made reference to the 20-hour limit for non-work related care, again, forcing many children from the formal child care sector. Is it fair to ask what you would like? The previous Labor government brought in a budget which said 12 hours. The coalition rejected that and brought in 20 hours. What is it that you are wanting?

Mrs Bridge—Ideally, to have the child in care three days is fantastic for the child. However, two full days, whether they are there for a 10-hour, 11-hour, 11½- or 12-hour day, would be sufficient. Because it is only 20 hours, it is causing an increase in fees particularly for people with English as their second language and grandmas who have been left with kids. They are not work related and that extra \$5 or \$6 for that 20 hours of care is putting a strain on those households.

ACTING CHAIR—I think everyone would like a bit more of everything but unfortunately there has got to be a cap somewhere along the line. May I thank you both for your attendance and the time you have given the Senate today.

Proceedings suspended from 12.52 p.m. to 1.24 p.m.

BUCK, Mr Christopher, President, Child Care National Association, PO Box 349, Albany Creek, Queensland 4035

ACTING CHAIR—I welcome the representative from the Child Care National Association. I remind you, as I remind all witnesses, that the giving of evidence to the committee is, of course, protected by parliamentary privilege. However the giving of false or misleading evidence may constitute a contempt of the Senate. I now invite you to make a short opening statement without, of course, repeating your submission. At the conclusion of your opening statement, I will invite senators to ask you questions.

Mr Buck—Thank you, Senator. Child care in Australia is a patchwork matrix of children's services. It is not just long day care or family day care or other. All children's services should be entitled to equity and that should not be influenced by private nor community, but family choices must be upheld. That is the whole exercise.

An important point is that some 80 per cent of care in Australia is informal care and, alarmingly, that is increasing. I have some data which I could present to the committee. The first of the documents is from a document by the department in 1997, which was a prelude to the national planning framework. This document, for those who may not be aware, essentially gives figures. They are no doubt dated.

ACTING CHAIR—Would you mind just reading for *Hansard* purposes, the title of that document?

Mr Buck—For the *Hansard* record, the document is *The development of a national planning framework for child care*. It could be 1996 and it is well known to the industry. The second document is from the document put out by EPAC in December 1995. This is *Future child care provision in Australia*. That is a little bit more dated but the information is fairly self-explanatory. That is the second sheet which shows the percentages. You will see that the percentages in and out of child care are given and the percentages in and out of paid child care are also given. That is important material for the senators to bear in mind in their deliberations.

With respect to those percentages, the principle area of funding in child care is formal care, as it is called, but there is funding for informal care through the Childcare Cash Rebate. The great concern that the Child Care National Association has is that Australian children will be losing the gains that they have made if we take any steps backwards.

I will address the Child Care National Association—notwithstanding the enormous numbers in the room at the moment and my other speakers. The association was formed in 1996 and has already strong support in many states. As a separate exercise, I have a number of documents from a number of states: South Australia, Victoria, New South Wales, Queensland—from the community sector from the Children's Services Employers Association, which is the largest community employer association in Queensland—North Queensland, right around Australia and from a number of older industry associations around Australia. I will seek to provide copies of those to the committee. I have not had a chance to even read them at this stage. The fax has run hot with respect to getting their points of view

across, as opposed to mine or anybody else's. Indeed, in those submissions, there are some other points of view, and I would be happy to send those to the committee tomorrow.

ACTING CHAIR—The committee will accept them, Mr Buck, thank you.

Mr Buck—Essentially, the Child Care National Association tries to bring the business and the quality groups together. At this point, I have to make an apology. It appears that one of our speakers who was to have been here today will unfortunately be in receivership by the end of the week. That is the depth of the problem in the industry at the present time, and it is that serious. Not only is the community sector in trouble, but also the child care industry as a whole is in trouble. We need to recognise that and come up with solutions.

However I do not think that is cause for despondency. The historical facts are that pre-1991 we had no Childcare Assistance to the private sector. There was Childcare Assistance to the community sector. Then came fee relief accreditation, wage rises, new regulations and a number of ministers, including Peter Staples and Rosemary Crowley.

There were predictions of planning problems as far back as 1991. One of the things that we did learn back in 1991 from Peter Staples was that one should separate the issues. I will ask the senators to do that on this occasion. One of the big problems that has occurred is that the administration has, in that same time, quite enormously increased. Mrs Day will no doubt speak a little later with respect to her concerns that the children are the ones who are missing out in that equation and, indeed, taxpayers because it is not getting to the children.

Fee relief was an interesting exercise, going back to 1990. Unfortunately fee relief was supposed to pay for accreditation and wage rises. That was acknowledged off the record back in 1990, and unfortunately it did exactly that. There are no complaints there; it is more a statement of the situation.

In 1994 we predicted that the cost of child care would go up by \$18 per week as a result of a number of things, and I am grateful for the Brotherhood of St Laurence. This is from their report. It clearly shows that child care costs did, in fact, go up in the beginning of 1994 by about \$20 per week. So, alas, the predictions were exactly vindicated.

We know what the cost of all those things were back then and the industry did cope with it—there is no doubt that the industry coped with it. But let us face the actual realities of what the costs are and recognise them.

I do not think anybody from the Brotherhood of St Laurence, notwithstanding their voluminous report, actually recognised either that blip on the curve or the one back in 1990, when the child care costs dropped absolutely dramatically and, indeed, the slopes of the curves also reduced. What the Labor government did in 1990 was quite successful—I might suggest, that it was successful beyond their wildest imagination and beyond the bureaucrats' wildest imagination. It not only reduced the cost of child care, but it also reduced the increase in the cost of child care, both very substantial exercises in themselves.

There were a number of studies at that time. Margaret Hunter's study of 1992—my library is exceedingly extensive; I still have a copy of this—was one which was well

received, but not well publicised, and it is significant. There were other studies, for instance, the Auditor-General's report of 1993, I think it was. There were a number of private studies. A study on the demand for child care on the Sunshine Coast by Schomburgk and Partners predicted problems as far back as that. There was some very good stuff done by the department. This is a document from New South Wales on planning and information for child care centres 1995. Importantly, that was a landmark document by the department, and I have to congratulate both the department and whoever organised it. Maybe it was the minister.

Senator NEAL—Most people ignored it.

Mr Buck—They did at their peril, I might say, Senator Neal because, in fact, this was the very document that I used when I put together the national planning framework in 1995 for Senator Rosemary Crowley. That is the document that actually has the clear evidence that planning was needed, and it was irrefutable at that stage. So it is an enormous step forward, and we thanked the department at that time for putting it out and having it available.

So what happens after that? The growth in child care back in 1991 and onwards was quite amazing, quite beyond imagination. Those reports clearly gave some guidance and there is no doubt that we must give thanks to the current government for the national planning framework which was finally implemented. I expect that it would have been implemented by any government. I remember, Senator Woodley, that the document that I produced became Democrat policy in 1995 for the 1996 election. You might have forgotten that little snippet on the way through. It would have probably got in by whatever means, and thank the Lord it has.

Senator WOODLEY—I am not sure that I am prepared to admit anything.

Mr Buck—I will accept that.

ACTING CHAIR—It is understandable in Queensland.

Mr Buck—I am from Queensland. I apologise. So what about the current state of the nation: vacancies in formal care—bureaucrats, academics and real operators? Again, I remind you of our missing speaker. I am not sure where the others went; they must be enjoying their lunch. I will come to them; they will not get off scot-free. It is a fact that the other speaker is most likely to be in receivership in the very near future. There were detailed discussions with bankers and accountants yesterday. It is very serious.

In respect of centre closures, there is a very large silent majority doing it very tough out there with occupancies and viabilities. There is a lot of argument about when is a centre viable. It is academic. It is affected by so many things that it really is quite academic. It depends on bank loans, the size of bank loans, staffing, timing of accreditation, and all sorts of things. The fact is that they are doing it tough.

The big problem is that children will be the losers. We have world's best practice child care. I might say at this point I had the pleasure of being invited to the People's Republic of China in 1994 with a large delegation of private and community people on the people-to-

people ambassador delegation. It was quite clear that we had many things in common with them and we should build on that, and CCNA has continued to do that.

I have already mentioned the full cost of accreditation. I caution exceedingly with respect to the full cost of accreditation with family day care, out of school hours care, et cetera, in the light of the 1993-94 full cost of accreditation. That should not be read as in any way condemning accreditation. Australia's child care is world's best practice. We have nothing to apologise for. As I said in the submission, there certainly are some grounds for looking at the amalgamation of state licensing standards and accreditation to reduce red tape, but that is a quite separate exercise and does not in any way reduce the quality of Australian child care.

I mentioned the Brotherhood of St Laurence study, and I thank them for the graphical work that they have done. I think it was part of the exercise where we have unfortunately been rather brainwashed by media tirades. I have a copy of the very worst of those media tirades and I could provide it to the committee. I was absolutely speechless when asked to respond to it—and those who know me say that is most unlike me—by a journalist on the phone.

It says that long day care is compared to deadly torture. It says Mr Ken Armstrong, a leading academic in Queensland—I only hope that they misreported him—spoke of an experiment by the Holy Roman Emperor, Frederick II, in which children were fed and left without social interaction, et cetera. It was the greatest heap of rubbish that I ever came across but it made the *Courier-Mail* as a substantial article. It is very disappointing.

Unfortunately, some of the academics do not understand the power of their message and they do not understand the dangerous effects of some of their statements. A classic occurred in the media just last week. I do not have spare copies of this but I am happy to provide it to the committee. It is a Queensland University of Technology speech by an academic from the USA who again puts down child care. I find it absolutely bizarre that this same group, QUT, is the very organisation that is supposed to be providing our trained people, and here they are criticising their own trainees. It is amazing that they can do that sort of thing. I am more than happy to provide a copy of that for the committee.

To abbreviate my delivery I have summarised some material with respect to current issues. I was going to speak on operational subsidy, but I do not think there is very much point speaking on operational subsidy. The most significant bit is that the then Minister Peter Staples, back in October 1991, in this release entitled, 'Commonwealth Child Care Fee Relief and Operational Subsidies—An Issues Paper,' acknowledged that operational subsidies needed a serious looking at. That was in 1991. That is not 1997 or any other year, it was 1991. That release which I have provided to the senators covers all of those facts.

Communication is still appalling. I notice that on my visits to our colleagues in Sydney that the Holroyd City Council is still looking for child care centres. That is in western Sydney where I understood that there are too many centres. They are amending their development plans and the guidelines for child care centres in Holroyd City Council. The local centres are incensed that that should be the case after the national planning framework has been put in place. The question is raised: who in the Holroyd City Council knows that

the national planning framework exists? From their document it seems that nobody knows. That is the question that is raised by it. Certainly it needs addressing.

We have had so much bad press. We have had child care cuts crippling child care centres, and we have had child care centres on their knees. We have been done by *Choice* in the great nappy debate. We have had stories on the dangers of child care, saying that they are atrocious places to put your children.

Here is one of the most interesting ones. In the program *Money* the presenter recommends that children should be in some sort of second-rate backyard care because it will save money for their parents. He seems to ignore completely the fact that the children might die there and that they have no insurance and other things.

There was another article a little while ago on the problems of community centres. The writer did not seem to know that the community centres were only a small percentage of the industry. We have also had welfare cards. This is the sort of thing where people are going to learn—this was on the front page of the *Sydney Morning Herald* and I am sure you have all seen it—about the 7 million identity cards. People are worried about their personal data and the Australia Card, and that is yet to surface.

Senator Neal, please do not come out with any more press releases about the reduction in child care funding approaching \$1 billion. It may be. However the problem is that all those stories cause the people whom you are trying to protect to lose their jobs. I appreciate what I am saying is difficult, but the reality is that every article that comes out in the press is doing us all, collectively, community and private, an injury.

Senator NEAL—Do you admit it is true?

Mr Buck—No, Senator. It is much more complex than that.

Senator NEAL—It is in the budget documents.

Mr Buck—It is much more complex than that, and I am more than happy to address that exercise without any trouble. I understand where you are coming from, but it is a more complex exercise than that.

Senator NEAL—But it is true.

ACTING CHAIR—Senator Neal, please let Mr Buck continue uninterrupted.

Mr Buck—We have further problems coming up which the senators need to be aware of. Some centres cannot pay their wages right now. I have mentioned one centre that is looking at receivership. We have superannuation coming on 1 July. We had wage rises throughout 1997—which somebody did ask me to do some figures on but unfortunately time ruled that out. Somebody else may have some comments on those wage rises. We have living wage rises coming up in 1998.

What I ask is that we all work together. I was exceedingly disappointed by the ALHMWU application for termination and redundancy payment increases in Queensland. It is not that they may or may not have deserved it—that is not the point. The point is that it was another nail in the coffin. The union must not risk more job losses and business closures, either private or community. We are all in it together. I beg that we all work together, it is as simple as that. If we do not, we will have more problems. Everybody can win. I mean that in the loosest sense, not in a big payment sense, or anything like that. We can all survive together. That is important.

I have mentioned superannuation and the living wage increase to come. It is time for the union to lead the industry. It is that time. It is that serious.

Concerning the media, I was going to suggest that some outlets might be very careful about what they say as there has been a class action suggested for damages resulting from the community sector's efforts. I was going to say more in that area but recent publications—thanks to this committee, I might say—have indicated to me that they realise the damage they have caused. In that case it would be prudent to leave it at that point. It would be nice if our academics could rise to a higher plane and defend Australian child care, not the other way around.

In closing, I would ask: what do we need? Where to from here? The national planning framework is essential, but it is already out of date. It needs updating already. We have problems in Victoria. We have problems in a number of areas. We have new centres which are being opened in Queensland, still. There are problems of development, speed and lag, and I am happy to expand on that if necessary. What we need right now—not for the next election, not for the next budget—is the \$2.30 to be increased to \$3.00 for all services. I would also suggest that we delay the smart card concept. There are a lot of problems without solutions.

Thank you, senators. I would like to introduce the others at the table. There is Mrs Shirley Baker, who worked with Mary Crawford and Peter Staples back in the 1990s. There is Mr Mike O'Neill, a stand-in for our operator who was going to be here speaking about the difficulties they face. Mike has a detailed knowledge of many past, present and proposed changes. And Margaret Day is an operator whose heart is with the children, absolutely, boundlessly.

ACTING CHAIR—Thank you very much. I will open it to questions from senators now.

Senator NEAL—Mr Buck, have you actually examined the budget documents for this year?

Mr Buck—Yes, Senator Neal. The number that you talk of, of the million dollars—

Senator NEAL—It is \$117 million.

Mr Buck—I used that, also. In fact, I have print-outs of the budget documents in my briefcase. They relate to savings, and that is a reflection of industry downturn, and is a

principal reason why all parties, all senators to this committee, should feel obliged to recommend that the social benefit is returned to the child care industry as a matter of urgency.

Senator NEAL—Your comments just then in reference to my press release seem to suggest that there has not been this under-expenditure of \$117 million in Childcare Assistance in the 1997-98 year. Are you saying that is not what is contained in the budget document?

Mr Buck—Not at all, Senator. What is in the budget document is that there was a substantial underrun on last year's estimates.

Senator NEAL—That is right.

Mr Buck—I am not sure that represents a change in government policy. I would suggest that these documents are not the full picture. I suspect, Senator, that there is more. I am sure the department—certainly by approximately the time that this committee reports on 30 June—will have new information in from the first quarter of 1998 from services around Australia, and that that number will be even bigger. That should be returned to the industry.

Senator NEAL—It was contained in the budget documents and anticipated that, for every year thereafter, not only was there an underspend in the 1997-98 year but, also, they basically took those savings into the out years, which means they anticipate \$117 million-plus, essentially, CPI each year thereafter. What you seem to indicate from your earlier comments was that those statements were untrue. Are you saying now that they, in fact, were true?

Mr Buck—What I think I just said is that the \$117 million was an estimate by the department provided to the minister. I do not in any way doubt it. It is something that has gone into the budget papers as a result of that process. What I am saying is that it is probably an underestimate, so I think I am agreeing with you.

Senator NEAL—No, it is not actually an estimate; it is an actual under-expenditure. Anyway, just to take that one step further, do you accept that that underspending is caused by the fact that fewer parents are accessing child care?

Mr Buck—Yes.

Senator NEAL—Yes.

Senator O'BRIEN—It seems to me, Mr Buck, that you are admitting that there is a significant collapse in demand, but contesting the basis for the collapse. Is that fair?

Mr Buck—That is a fair statement. I am not sure what other bases have been presented.

Senator O'BRIEN—It seems that the overwhelming weight of evidence that this committee has received is that demand has collapsed because of affordability issues, notwithstanding the reference to the Child Care Coalition survey that you referred to. At the

same time you are saying that attending to the problem increases the level of assistance when you said raise the \$2.30 to \$3. You are saying that the solution to the problem is to increase fee relief assistance, but that is not the reason for the problem. I am having a problem understanding where you are coming from.

Mr Buck—I was not planning to do this, Chair. If I refer back to my submission, as you referred to, Senator O'Brien, at the bottom of page 7 I actually suggest that 72 per cent of the changes have nothing to do with child care, 11 per cent relate to oversupply, and 16 per cent—and I have rounded those numbers—relate to the perceived cost of child care. I am still saying the same thing.

Senator O'BRIEN—What weight do we give, then, to your suggestion that we increase the subsidy from \$2.30 to \$3 an hour?

Mr Buck—As a result of extensive research and discussion with both the community and the private sector, and listening to non-sector people—in other words, parents—what is proposed is the best solution for all parties and for government. What I am saying is that the money is there.

Senator O'BRIEN—I am not disagreeing with you in terms of solution. I am trying to ask whether there is a logical connection. Are you going to create the perception that it is affordable and give it a try irrespective of the other problems? What is the rationale for saying that what is essentially 16 per cent of the problem is addressed by a 100 per cent solution of the \$2.30 to \$3?

Mr Buck—Senator, I am trying to grasp what you are saying. I do not know what the industry can do about 70 per cent not being related to child care. That is the Asian downturn and people's general apathy. We have got parents that just could not be bothered. They are to the point where they will drop out of the work force because it is too hard to fill in the form, and I do not mean that in any way derogatory to the parents. They are at the stage where—not their apathy but their concern, and that is not the right word either—they just do not feel that they are getting anywhere.

But that is not related to child care and it is not even related to the costs. It is related to the media telling them that child care costs are going to rise. The private sector costs have not risen. Seventy per cent of the industry is private sector. The reality is they have not risen.

Senator NEAL—But it is less affordable. We have already agreed that private centres have only risen marginally—

Mr Buck—Yes.

Senator NEAL—But all the other representatives of private associations or private centres have said that, despite the fact that there has only been a marginal increase, parents have had to pay more because of reduced government assistance. So that is a real issue. It is not a figment of parents' imaginations.

Mr Buck—That is true, and the costs in child care, as I have already stated, have also risen. So you have got the providers of child care squeezed on one side and they are getting more and more difficult, and you have got the media squeezing, and there are some cost increases which have occurred. All of those have gone together. We are getting straight past those now, Senator, with the proposal to go up to \$3. It solves all the problems.

It is like the national planning framework. If you go back to the 1995 national planning framework, it was acknowledged then, but it does not individually address each point. It gets past all the points. The \$3 gets past all the points. That is what the exercise is. It cannot address the Asian situation. I do not know what can.

Senator O'BRIEN—In terms of the \$3, the first point I would make is this: the survey you referred us to says bad child care media is 1.6 per cent of the reason—and there is 109.8 per cent—so it is a fairly small proportion of the given reason for declining utilisation. You place a great deal of emphasis on it, and I guess it is easy to produce articles and suggest that is the problem, but the only empirical evidence that you produce says that is not really the problem.

Mr Buck—Senator, I agree with you in terms of the hard facts, but then last Saturday's exercise is probably the same. There are no media that you could put a percentage on, but 23 per cent of the people decided to do something entirely different. The media are very powerful, that is all I am saying.

Senator O'BRIEN—Okay.

Mr Buck—More than they can imagine, and more than people recognise.

Senator O'BRIEN—Okay. The last thing I want to do today is have a debate about last Saturday—not that I do not want to have a debate about it, but we have not got time. In terms of the issue that you raise, then, the money is there now because of the underspend last year. You raised the level of assistance to \$3. If I am right, that sucks a lot more people back into child care and the costs go up a lot more than \$117 million. Should the government ignore that cost overrun, for want of a better word?

Mr Buck—The answer to your question, Senator, is that it would be possible to do sums to determine whether it is going to be more than \$117 million, but, as we get closer to that time, we will know what the real number is. I say that it is bigger than \$117 million and the two should be equated, I agree, mathematically.

Senator O'BRIEN—Are you saying that the level of increase should be geared so that we spend that money not to restore the levels of utilisation?

Mr Buck—To restore the levels of utilisation?

Senator O'BRIEN—So we spend the money to restore the levels of utilisation to the 1996 levels—or 1995 levels?

Mr Buck—They are academic points. Returning the industry to a stable foundation is how I would put it in a different way.

Senator O'BRIEN—Levels of utilisation significantly higher than the present would be what you are talking about really.

Mr Buck—Yes, well balanced across Australia with the national planning framework now in place. In other words, centres in Victoria where they are needed and New South Wales where they are needed, and probably not in Queensland where they are not needed.

Senator O'BRIEN—Or Perth.

Mr Buck—Certainly.

Senator WOODLEY—It has been raised with other witnesses, but it is certainly of a concern to me and other senators here. I refer you to your comment about the use and nature of unregulated backyard care and a further comment in another document where you state that the large informal sector is estimated by the Australian Bureau of Statistics to provide care for around 581,000 below school-aged children. That is an awful lot of kids. Are you suggesting any solutions to the government? Would your solution be to apply some kind of quality standards or accreditation to informal care, as well? Is that the solution you would suggest?

Mr Buck—The answer is that if federal government funds are being provided to informal care, then the federal government ought to get some level of standards as a result. That is the argument that has been put onto the formal sector. It should not be an unfair expectation that if people want to get funding for it, they should meet some standards. It has been an ongoing concern to many people in the child care industry that it may well be funding very undesirable situations in the real world. There is a lot of child abuse that goes on in the real world. We have to report child abuse in child care centres. I am not making disparaging remarks about a lot of the informal care, it is also acceptable care, and there are a lot of people who have provided that sort of care for a long time. Nevertheless, if the government is providing money to that sector, then the government ought to expect some sort of standard in return. Indeed, that is precisely what they expected from the formal sector and are continuing to expect.

Senator WOODLEY—The informal sector is funded through the Childcare Rebate. Do you understand how that works in terms of the informal sector? If you do, it would help me just to understand it.

Mr Buck—In simple terms—and I am sure somebody in the room will correct me if I get it wrong in a thumbnail sketch—for work related care costs, the first \$27 or thereabouts can be claimed as a rebate for work related costs for one child—

Senator WOODLEY—Through Medicare.

Mr Buck—Through the Medicare office. For two children, it goes to, I think, \$62 or \$63—and that is the level. There are certainly arguments that have been put, I think, to this

committee that the cash rebate is a regressive exercise. Indeed, the principal thing that I am saying is make the minimum number of changes with the maximum effect. And while I would counsel against making major changes of direction, because parents get very jittery about that, it is certainly not appropriate to increase that cash rebate. Over a period it should go into care where the quality of care is in some way examined.

Senator WOODLEY—Thank you.

Mr Buck—I would be very happy to provide a copy of this document which is from Queensland. It is very current, April 1998. I have only one copy, but it provides a very good statement about Australian women. It was produced by our Treasurer in Queensland, our Office of Status of Women, or something like that. It is unbiased in any way, as I read it, and I commend it to the committee.

ACTING CHAIR—Thank you very much.

[2.00 p.m.]

ANDERSEN, Ms Rosaleen Mary, Director, Windsor Neighbourhood Child Care, c/- Catholic Social Response, PO Box 392, Lutwyche, Queensland 4030

CARRICK, Mrs Myolene Anne, Programs Director, Catholic Social Response and Queensland Churches in Child Care, GPO Box 282, Brisbane, Queensland 4001

MOBBS, Ms Jennifer Jean, Director, Early Childhood Care Division, Queensland Churches in Child Care, PO Box 508, Kenmore, Queensland 4069

ACTING CHAIR—I welcome representatives from the Queensland Churches in Child Care. Before inviting you to make an opening statement I remind you that the giving of evidence is protected by parliamentary privilege, but the giving of false or misleading evidence could be a contempt of the Senate. I now invite you to make a short opening statement without repeating the contents of your submission, at the conclusion of which senators will ask you questions.

Ms Mobbs—Thank you for the opportunity. Queensland Churches in Child Care represent over 20 per cent of the child care services provided in this state—over 9,000 children that we are catering for on a daily basis. It is, as a group, the major sponsor in this sector of community services. The churches have gone into areas which other services have not provided for. They have gone in to support communities and local parishes in the pursuit of helping and assisting those families which have been experiencing disadvantage, both social and financial. They have invested capital in the form of land and buildings and, speaking for Churches in Child Care, I know that we have considerable payback still in all of our services on that capital expenditure that has been invested in that particular area.

For the churches, therefore, there has been certainly a need to cover costs to pay back on that investment, but there has never been an issue of profitability which we have seen in other areas of child care. Rather, there has been a focus on the support and pastoral care, not only of our children, but also of our families generally.

In the past we have also relied very heavily on the volunteers that have enabled us to provide more affordable child care and, I guess, the changes we see in society generally, and certainly in our cutbacks in child care, have impacted greatly on the volunteer pool that we have. We used to have a great deal of support in our management committees and also in our centres on a daily basis, but that pool of volunteers is no longer there. I invite Myolene to talk perhaps about some of the issues reflecting on our child care as institutional care.

Mrs Carrick—I think one of the major concerns that we have in relation to child care services across the country is that child care services are potentially the new institutions in this country for children. I guess my view on that comes from a threefold perspective. Firstly, I have been a social worker in the community services sector for 30 years. Secondly, I have been a consumer of child care services myself as are now my grandchildren, and I oversee the 65 services that are sponsored by the archdiocese of Brisbane. Thirdly, I have for quite a substantial time now been involved with the Catholic Church in receiving and

responding to complaints of physical and sexual abuse by anybody who works in the name of the church.

Our concern is very real. I believe that unless we, as community, government and churches, really take our responsibilities to children and to families very seriously, in one generation's time there can be no excuse given by government, community, churches or anybody that we just did not know the impact of the extent of child care on children in families, because we have known.

Certainly, the Catholic church in particular has been profoundly humbled in recent years by a lot of the terrible things that have happened. That does not mean to say that everything that happened was terrible, but certainly we know that a lot of things were happening. Yet in those facilities of the day they were regarded by the standards of the day as being fair and reasonable.

Our concern, as sponsors of services, is that because we now have to be very conscious of risk management, we have to make very conscious decisions these days as to whether we are going to continue to remain in this industry, in this sector which we have been in, as we said in our submission, for over 30 years. We would very much like to stay there because, as churches, we believe we have a role, not only in supporting families who entrust their children to our care, but also because of the whole pastoral dimensions that we, as churches, like to believe we have some practice in and do well.

Ms Andersen—I would just like to add a few comments. There are two areas I would like to talk about: firstly, in relation to the exodus of families from child care centres and, secondly, in relation to the quality and standards of care in child care centres.

The extraordinary exodus of families from child care services and from full-time care is evidence that the cost of care is now beyond the reach of many. The freezing of Childcare Assistance remaining at \$2.30 is unrealistic and clearly does not recognise the needs of either families or the non-profit providers who are making efforts to maintain recognised standards of duty of care for children.

Some of the effects on child care are now having ramifications, such as reduced staff hours. One effect of this practice is that children are therefore being placed in the care of many short-term providers in one day. The workers, who are already on low incomes, suffer and constant staff changes produce low quality care and insecurity for children. I have heard of instances of up to three or four staff changes in one day for a child, where you would have staff coming in for two- or three-hour sessions. There is lots of research on the negative effects of that. Research on infant and toddler care suggests that very young children differentiate between stable and non-stable caregivers. In both types of higher staff-child ratios, trained caregivers were associated with better care giving and child development.

In looking at the cost of services, this government should address the practices of such services—for example, what services provide. It is often suggested that our services provide extravagant styles of care. Let us be clear that it is the standard and duty of care that Queensland Churches in Child Care are interested in.

As the government is committed to families having access to child care, particularly low income families, the Childcare Assistance needs review immediately because it is not reflective of the real costs of child care to parents. More and more, with centres in difficulty, parents are being asked to contribute consumable items such as food, tissues and art materials on a weekly basis. In other instances, as in my centre, I am also aware of staff providing their own materials.

The cost of care reflects the cost of care. To reduce fees in this unpredictable climate puts at risk regulatory mechanisms, such as the regulations, and fails to truly meet the standards of accreditation. After all, these are the only safeguards that prospective and current parents have as they place their children in care.

Current issues confronting us are: the inability of families to access care; the increasing difficulty of services to provide correct standards of care; less ability to provide good interaction to the primary caregivers, namely the parents; and families reducing their care arrangements to short-term mixed arrangements resulting in a number of care arrangements for the child. An incident I heard of recently was a child saying to a parent, 'What rules exist here, Mum?' What he was referring to was that that child was in four types of care within one week. The child was five years old and he was confused.

The accreditation system is welcomed by the church sectors as a means of ensuring standards of care and adequate information to all families. I think the standards of accreditation and regulation are at risk if we continue to erode what finances we have in the centre now. What we are asking for is a safe and caring environment. It should not be something that can be provided only by higher income families. Thank you.

Ms Mobbs—I would like to remind the senators that the churches have gone into areas that commercial operators often do not consider. We have gone particularly into rural and provincial centres, often into rural areas that may not produce a profit—in fact, quite the opposite at times. We see that for churches there is a need to provide not only child care, but also an extension of parenting skills and support for victims of domestic violence, and certainly the churches have supported disability services and counselling services. They are the areas that are now being cut back.

There has been a cut back in hours and in the use of casuals so that there is uncertainty for committed staff, and that impacts, as Rose said, on our children. There has been employment of minimally trained staff which, again, impacts on our children. There has been a cut in our existing services, particularly with those services that were provided over and above the child care.

That lack of support in the country areas has been felt particularly in Queensland. I was out in a very drought affected area this past weekend where women certainly cannot afford the child care that they used to have. They are back working on farms. In the past they would have accessed the child care centres because they could have afforded child care, but now they are back working on farms and their children are being cared for informally or just being left to be at home by themselves. As churches, we feel there is a loss of that sense of community.

Mrs Carrick—There are probably a couple of dimensions which, it seems to us, impact on where and how child care services fit into the local community. Firstly, there is the use of volunteers which many of us have been able to utilise and incorporate into our services. Secondly, there is the sense of community. I am sure you have had a number of references here today to the diabolical situation, I believe, that happened in Queensland on Saturday. Obviously we do not particularly want to talk about that, but what is important is the sense of alienation that many people are feeling, not only from mainstream politics but also from mainstream life.

I think the potential loss of a sense of community is at great cost, and I do not know whether our country is really able to afford that because the reality is that it does impact on the wellbeing of our citizens. The question that I am sure you have heard many people ask—but I think we have an obligation to ask again here today—is: are our children commodities or are they not?

Surely this government will not want to go down in history being remembered as the one that actually helped to destroy our sense of community within our state. I would also wonder whether this is really what John Howard is talking about when he talks about middle Australia. Is this the legacy that John Howard wants left, that in fact his government made a very substantial contribution to the destruction of community? I would have thought not. But already we are beginning to see the erosion of that right across the board. I can see you might be thinking that that is a fairly large conceptual leap, Senator Knowles, but I can assure you—

ACTING CHAIR—It sure is!

Mrs Carrick—I am very happy to be judged in one generation's time in terms of what is happening and in terms of the destruction of the community across this country.

ACTING CHAIR—Okay.

Senator PAYNE—I would like to ask Ms Mobbs a question in relation to her submission. Under the heading 'Strategies for consideration' it says that the government should instigate a policy of families paying for hours used only. Could you explain that a little more for me? In evidence we have received previously, both today and on other occasions, there has been quite some opposition to that concept.

Ms Mobbs—Yes, and I probably would oppose it myself now, too. When the paper was written a few months ago, when we surveyed our churches in child care centres, most of our parents would have been working full time and five days a week. That is not the case now. There has been a considerable change, even since the beginning of this year, in the work patterns of women, so I might have to back down just a tad on that one.

Senator PAYNE—I was advised earlier today that that had little to do with my question, and so now I am very confused on that point. So you do not stand by that part of your submission?

Ms Mobbs—No, not to the extent that we were feeling four months ago.

Senator NEAL—Are the child care centres located in particularly disadvantaged areas? Or are your centres generally located in areas where there is a parish that is keen on a child care centre being set up?

Ms Mobbs—Our centres are set up in both, Senator Neal. Thirty years ago they certainly went into areas of disadvantage, but you would realise that Brisbane has changed considerably. Many of our country centres have gone into what are labelled disadvantaged areas—and, probably, rural and remote. It is a hard concept to explain to anyone just how rural some of our Queensland towns can be, and also how remote they can be.

Senator NEAL—I have got a vague idea.

Ms Mobbs—Yes, you would have. With the growth in child care, many of our centres are now competing against the local markets and are surrounded by other commercial and community sector centres.

Senator NEAL—Are any of your centres located in areas where there is no alternative care available?

Mrs Carrick—Not now.

Ms Mobbs—The Churches of Christ do certainly have several centres that are; but not generally speaking.

Senator NEAL—What has been put to us in some other states is that centres that are located in disadvantaged areas are having particular trouble with this affordability issue, and that many of them have had to close. In fact, centres in disadvantaged areas have had to close sooner than centres in the more affluent areas have had to. Is this in accord with your experience?

Ms Mobbs—We are certainly struggling. Several centres have been very close to the line, and there has certainly been a change in the attendance pattern of children. The EFT has changed, certainly; but we have found that the numbers of children have been a changing pattern. In fact, Rose has said that her centre—and she might give the figures—has been licensed for 40 places, but there are over 60 families.

Ms Andersen—Approximately 60 families. We were licensed for 44, but our utilisation at the moment is about 36 or 37. The point I was making was that our part-time care has increased dramatically in the past two years. More and more families are flat out affording one day. We are now, for some families, providing half-day care, for that reason. Families that used to use our Child Care Program who lived in Housing Commission areas close to Windsor are now no longer are able to use it, because they cannot afford it. I know of other centres in other church centres, in Housing Commission areas, that are really struggling to survive.

Senator NEAL—I understood that the shift was to part-time rather than full-time. I am trying to work out whether the changes that have occurred in the past two years have disproportionately affected those from low income or disadvantaged areas.

Ms Mobbs—Speaking for the churches generally, I do not think that has been the case. We have been affected generally, across the board. Those that have gone into disadvantaged areas, as you know, have received a disadvantage allowance and are surviving that way.

Senator NEAL—I thought that the disadvantage allowance only provided funding for rural and remote areas at the moment.

Mrs Carrick—It does.

Senator NEAL—Do you have any centres in disadvantaged areas in local metropolitan sections of Queensland?

Ms Andersen—The Uniting Church has at least one centre in the Woodridge-Logan area, which is primarily Housing Commission, yes. I know that they have had major difficulties.

Senator NEAL—Are they likely to close in the next little while?

Ms Andersen—I do not know.

Senator WOODLEY—I have two questions. The first is to do with a comment in your submission that many church sponsored centres serve particular ethnic groups. Could you give us a little more background to that? I am interested to know which ethnic groups.

Ms Mobbs—Again, that is related to their original location next to or in the Housing Commission areas where those people have been located. Certainly, with our centres—

Senator WOODLEY—Are you talking about Inala and Woodridge?

Ms Mobbs—Yes, that is right: Inala and Woodridge. One of our centres has certainly serviced a Spanish community that were new to Australian shores, so they have gone in generally to support those people in Housing Commission areas where the ethnic groups have been.

Senator WOODLEY—My second question relates to strategies for consideration, because I am starting to want to know the answer to this one. Your comment is that the cash rebate has cost the government much and has been poorly administered and poorly channelled into unregulated child care services. We have certainly had some evidence about that, but what is the solution? Would you suggest that the Childcare Cash Rebate should be tied to more regulation of unregulated centres, or what are you suggesting?

Ms Mobbs—I am mindful of the requirements that are in place for our family day care schemes, and certainly for our long day care services. We are very mindful of the care that some of those children are receiving and would rate it as perhaps much less—not in all cases, but certainly in a lot of cases—than must be provided in our more formal settings. I am not sure I have got the answers either, but certainly there is great concern that so much of the government money can go into an unregulated form of child care and can be seen to be supporting it.

ACTING CHAIR—Thank you. Any questions?

Senator O'BRIEN—Mrs Carrick was talking about the effect of the changes in the funding of child care and how that might impact on the volunteers who service some of the programs that the churches run. Were you saying that that was because the costs of child care for those volunteers was increasing and therefore they were not available? Or was there some other point that you making from that statement?

Mrs Carrick—My colleagues here might want to add to this, because we all have different perspectives to speak from on this, but the perspective that I am speaking from is that, in many of our services, we have had a history of being able to utilise the skills and experience of volunteers along with paid staff. Because of what is happening generally within the socioeconomic climate of our country, those people who have been volunteers are now unable to be volunteers because of what is happening there. That is the dimension that I was taking it from.

Ms Mobbs—I would certainly agree with that. They were always the extra pair of hands that allowed staff to work solely with the children. They were the cupboard cleaners and the book coverers, for all of those very practical things; but that pool of volunteers is no longer there. They are probably out earning money themselves to survive.

ACTING CHAIR—Thank you. Could I ask when you were established? I noticed that you are newly established.

Ms Mobbs—We have been operating as a group for about 2½ years.

ACTING CHAIR—Thank you. Thank you very much for your attendance today.

[2.24 p.m.]

IRVINE, Ms Susan Lee, Manager, Quality Standards Unit, Office of Child Care, Queensland Department of Families, Youth and Community Care, PO Box 806, Brisbane, Queensland 4001

WILLS, Mr Michael, Director, Office of Child Care, Queensland Department of Families, Youth and Community Care, PO Box 806, Brisbane, Queensland 4001

ACTING CHAIR—Welcome. Do you have any comment on the capacity in which you appear today?

Mr Wills—I have held the office of Director of the Office of Child Care in the Department of Families, Youth and Community Care for some seven years; prior to that I

Ms Irvine—I am here in the capacity of an officer from the Department of Families, Youth and Community Care. I work with Mike in the Office of Child Care. I have been there on and off for about seven years, and my background is as a practitioner in early childhood services.

ACTING CHAIR—Thank you. You will, of course, 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 invite you to make a short opening statement and it should not be a repeat of your formal submission. At the conclusion of that, I will invite senators to ask you questions. I do not wish to sound facetious in this, but you may care to include in your comments whose views you are actually expressing at the moment. As departmental officers, I know you are in a particularly difficult position.

Mr Wills—That last question of yours, Acting Chair, might be the hardest question we are asked all day, I think. I ask the committee to be mindful of the proximity of this hearing to the dramatic events of last Saturday. Sue and I will have to confine ourselves to factual matters and give existing departmental positions on the matters in the terms of reference. However the Queensland government's submission that was sent to the committee was one which had the imprimatur of the cabinet. It was a cabinet submission.

Let me tell you a little about the Office of Child Care itself, as the Queensland government agency responsible for child care. The department works collaboratively with the child care and related sectors, other state and Commonwealth departments and local governments to set the strategic directions for child care in Queensland.

The goal of the office is to achieve excellence in child care throughout Queensland by enhancing the number, range and quality of child care services, increasing the capacity of child care services to respond to the variety of needs of families from diverse backgrounds, and providing information and resources to families with young children, service providers and the general community.

The structure of the formal child care sector in Queensland is made up of some 2,100 child care services. This comprises 937 long day care centres, caring for some 55,000

children each day. In Queensland, 80 per cent of these centres are conducted by the private sector. There are also 88 family day care schemes, all but one is conducted by the community based sector. There are over 330 community kindergartens and 129 predominantly small rural limited hours child care centres. There are over 550 outside school hours care services.

Over the last 10 years or so, I believe Australia has been working towards world's best practice in early childhood care and education. The last three years have been times of great change for child care in Australia. Governments, service providers and parent users are all struggling with the key issues of quality, affordability and viability in child care services.

The response to Commonwealth child care changes has highlighted the vital role that child care plays in today's Australia. It is vital, not only for children and their families, but also for the wider society. Its links to small business and community organisations and, as a large employer, predominantly of women, give it the important role it plays in Australian life. I should add that a recently published survey of Queensland women found that child care ranked only behind health as being at the forefront of issues for Queensland women across all age groups.

There are over 80,000 children every day in Queensland child care centres and family day care schemes alone. Nowhere in Australia has the growth in child care been greater than in Queensland which, I understand, has surpassed Victoria in terms of the number of long day care services and places. For a number of years, Queensland child care services grew at a rate of some 20 per cent per year. It is not surprising therefore to Queensland that the Commonwealth decided to cap this growth at 7,000 places per annum for two years.

As far as the state is concerned, the department remains committed to helping families throughout the state by working collaboratively with all other government and non-government stakeholders to provide high quality, affordable child care. There seems to be some support for the view that the department is still doing well in terms of quality, accessibility, diversity and affordability in its child care and education services on national comparisons. The department is committed to the maintenance of the family unit and sees the provision of affordable, accessible, quality services for children as a vital means of support for the family.

The department has concentrated on having child-centred programs in family-focused services. This requires flexibility in service delivery. An integrated approach across programs for families with young children and the need for informed parent choice are other crucial factors.

As far as Queensland's legislation is concerned, effective legislation ensures an acceptable quality base line as the first step in any quality assurance system for child care. Consultations on legislative change in Queensland over the last year or so have provided the opportunity for widespread input into the Queensland child care legislation.

I believe it is important to ensure that, via legislation and collaborative effort amongst all the stakeholders, child care services provide care that is a safe, positive, nurturing and educational experience for children. There is a need to support families by enabling the development of a range of child care services responsive to different needs and appropriate to different stages of child rearing.

One example of particular interest to Queensland is in outside school hours care. We would like to believe that Queensland is leading the way for Australia in the funding and support of outside school hours care, the fastest-growing child care service type. Some \$6 million has been applied to this purpose over the last three years to enhance the quality and range of these services. That is why, in the submission, the viability of outside school hours care services has been shown to be of concern to this department.

Another important issue for us is the supply of qualified early childhood staff. We are working cooperatively with universities, TAFE colleges and other major training providers to enhance relevant training opportunities for early childhood professionals. As far as the department is concerned, the key priorities in child care are the provision of quality programs for children, safeguarding appropriate minimum quality standards, ensuring affordability for parent users and having sufficient numbers of skilled and qualified staff. All these factors, if put together, will lead to a child care system which should be the envy of all.

Finally, the department believes that the child care system needs to be sustainable: for children, in terms of quality child care services; for parents, in terms of affordability; for service providers, in terms of their continued viability; and for staff, in terms of their satisfaction, professional development and compensation.

ACTING CHAIR—Thank you. Ms Irvine, do you wish to add anything?

Ms Irvine—No, I have nothing further to add at this stage.

Senator NEAL—There has been considerable comment made by witnesses appearing before us about the issue of informal care in Queensland and the lack of control, or I should say the lack of legislative control. You say in your submission that the government has considered putting in place some sort of legislation. I understand that an authority to draft was approved some time earlier. When exactly did that occur?

Mr Wills—I do not know whether this comes under the heading of state secrets, but that was in October last.

Senator NEAL—Has a draft been prepared and presented to cabinet yet?

Mr Wills—I will just take you back a little bit in answering that question. In late 1996 we produced some 5,000, I think, discussion papers. There were some 36 consultations, telephone hotlines and the like and we got permission to go to cabinet, as you say, about October last year.

That led to Parliamentary Counsel drafting a bill. We took that draft bill back to the peak organisations and discussed it with them. However there was a change of minister earlier this year and all legislation was held while the new minister got across the particular issues.

I should add, in relation to your question, that part of those discussions were around what sorts of standards should be in place for the informal sector because it is true that wherever we went in the consultation process people raised this issue of, 'How come Queensland has

regulations in the formal child care sector to be envied, but does not have them in the informal sector?’ Perhaps I could ask Sue to talk about some of the proposals, what we have in place now.

Senator NEAL—Just before you do that, the question was: did that draft go back to cabinet? Has that happened?

Mr Wills—No. The situation now is that there is a draft bill. The former minister asked us to go back to the sector to do more discussions in relation to regulation changes. The aim was to go to parliament with a bill and two sets of regulations, updated and amended.

Ms Irvine—I am currently working on the legislative review. The situation with informal care was highlighted throughout our consultations. Our current legislation has some provisions with respect to informal care, predominantly that it requires the provision of safe and suitable child care if child care is provided for reward. This extends to the informal sector. It also currently contains a provision that allows the prohibition of care if this is in the interests of children.

Certainly, the need to set a maximum limit on the number of children to be cared for in this situation was raised and there have been discussions about what would be an appropriate limit, and a proposal has been put forward. In terms of the consultation, this was seen very much by the sector as a preliminary and first step needing to be supported by further standards. Prior to the election the department was beginning the investigation of options in terms of standards for informal home based care.

Senator NEAL—I know you have a difficulty with knowing who your bosses are at the moment, but assuming you were given the go-ahead, how long would it take for you to finalise the bill that could be introduced in the parliament?

Ms Irvine—The bill is very near finalisation but considerable work needs to be done in terms of the regulations that accompany the act.

Senator NEAL—Have you any idea of what sort of time span you are looking at, roughly?

Ms Irvine—Pending the availability of Parliamentary Counsel, I would say two months.

Mr Wills—It would also depend on the priorities for the government in terms of legislation.

Senator NEAL—I understand that.

Mr Wills—All else being equal, you would think that with the bill fairly close to finalisation and support, then if the incoming government wanted to proceed with the bill and then bring in regulatory changes, or wanted to go forward with a package involving both the act itself and the two sets of regulations, that would be a matter for the incoming government.

Senator NEAL—Why do you say two sets of regulations?

Mr Wills—Under the legislation, the Child Care Act 1991, there is legislation in Queensland for child care centres and for family day care schemes. They are the two sets of regulations.

Senator NEAL—Would the regulations for informal care be a third lot, or would they be incorporated in the second lot?

Mr Wills—As Sue was saying, one of the things that could happen, and people advocated this in the consultation process, is that, firstly, there should be a limit set to the number of children that home based care providers can look after in their own homes for fee or reward. Secondly, or simultaneously, the people advocated bringing in some sort of regulated standards for the informal sector. It is done quite differently around Australia, from licensing in Western Australia to types of registration. That would be a matter for the new government. It is a bit difficult for us to say what the new government will do in this regard.

Senator NEAL—But assuming they said, ‘Yes, we do want to regulate informal care,’ you would have to prepare a third lot of regulations. Is that what you are saying?

Ms Irvine—Most likely, yes.

Senator WOODLEY—You say on page 6 of your submission:

It is the view of the Queensland Government that there is significant scope to broaden the scope of social benefits associated with quality child care by further attention to tax reform.

Is it possible to give us further comment on that? We have received from some sections of the child care industry a strong push to exempt child care from any GST, for example. Has there been any discussion that you can share with us on that?

Mr Wills—It is difficult enough to dip our toes in the child care arena. To give off-the-cuff comments about the tax system would be more than our lives are worth. I will pass on that one.

Senator WOODLEY—I thought you might.

ACTING CHAIR—It is strictly—

Senator WOODLEY—It was worth trying.

ACTING CHAIR—It just crossed over the line between general information and policy advice. Senator Woodley, what other gems have you got?

Senator WOODLEY—I might have done my dash.

Senator O’BRIEN—I want to ask questions about your role in facilitating the supply of trained child care professionals. We have had some evidence here today, and from around

Australia, about the instability of employment in sectors of the industry, and casualisation, and that that is leading people to leave their positions and leave the industry. Does the department have any views on how the profession can be made more attractive to encourage people to undertake the lengthy period of training required to become a professional, given this absence of security in the industry currently for the profession?

Mr Wills—I will make a couple of brief comments, but Sue is more involved in this than I am. The first thing to say about the staffing situation is that the very rapid growth in Queensland since 1992 has obviously put strains on the number of qualified staff available. The second thing to say is that we did, by negotiations with the sector in 1991 and with the legislation, move to a qualified child care sector. Simultaneously we had newly mandatory qualifications for leadership positions in child care centres and a very rapid growth in the number of those child care services. That put great strain on us. We have been working with the universities and so forth on this so I might pass over to Sue to talk about qualifications and training issues.

Ms Irvine—The department sees the training and qualifications of staff in leadership positions as a key contributor to quality. As Mike has said, we have been working with training institutions to achieve an increased supply, given that when the legislation first introduced this requirement, Queensland was suffering a shortage. We have been moving towards increasing the level of qualified staff.

However, evidence is suggesting that changes in staffing practices are increasing casualisation, causing some redundancies and possibly increasing stress on some staff. All of this is making it a less attractive career option. Certainly some of the universities that we are working with that provide us with qualified directors, which is a three-year tertiary qualification, are reporting that many students are now moving into the fourth year so that they are eligible for teacher registration. In Queensland, this has just moved to four years, and these students are moving off into the school sector. In terms of strategies, the department has certainly looked at increasing the status of child care professionals and we are working with other departments within Queensland to look at the status of early childhood professionals across the board.

Senator O'BRIEN—Are there provisions in your legislation to exempt centres from the requirement to have qualified staff?

Ms Irvine—There are, but it is a temporary exemption. The legislation which introduced this requirement allowed for some transitional arrangements. In effect, there is an exemption for staff who were working in services who were aged 45 or older when the legislation came in.

But Queensland wanted to move forward towards a fully qualified and professional work force, so the emphasis was on interim measures to allow people to continue to work, and also to allow services to continue to operate given shortages of suitably qualified staff whilst people actually obtained qualifications. This provision relates to a certificate of endorsement which allows a person to work for a period of time while he or she obtains further qualifications. There have been some difficulties in the implementation of that system, and this is

currently the subject of one of the proposals for amendment, but the new amendment is in line with the original intent, which is a temporary exemption while people obtain training.

Senator O'BRIEN—Yes. I was wondering whether, at some point, centres seek to build back up. If you get an increase in fee relief, for example, what measures would be put in place to allow centres where the professional staff were no longer available, pending their qualification through the training system, to operate and meet the regulations? Is that an ongoing provision, or was it sunsetted to a particular period of time?

Ms Irvine—No. It is currently an ongoing provision because we also recognise with Queensland's geography that, in smaller rural and remote locations, it may be difficult for some time for services to attract suitably qualified staff.

Senator O'BRIEN—Thanks very much.

Senator PAYNE—My particular question was answered, but I want to ask one other question in relation to rural and remote communities because your submission refers to difficulties in that regard. Does your department give any special support to child care operators in those parts of Queensland?

Mr Wills—Yes. At the moment the greatest priority for increasing the availability of child care has been in rural areas. A few of the initiatives there pertain to the establishment of small, occasional, limited hours care centres across the state. The highest priority for all the community based centres in Queensland—and the only ones that are being built now are where the private sector does not go—is in the larger provincial towns and the smaller towns.

We have a rural children's centre program which is aimed at modifying existing facilities and, over three years, developing some 40 of these in very tiny townships indeed. There are also a couple of other programs. One is a very successful program in Cape York and the Torres Strait, which is supporting about 40 communities up there to provide services for children in ways that suit them and are culturally appropriate for them.

Just briefly, there are a couple of other major matters that we are getting on with at the moment in relation to outreach services—that is, services for families on small properties who find it very difficult to access the standard sorts of services. We are doing that with the Uniting Church Frontier Services.

Finally, we have a program about to commence which is providing information and Internet linkages across all rural children's centres throughout Queensland—the small ones, and there are about a hundred of those—so that they can link up with each other, be supportive of each other and get access to information very rapidly. Often the biggest issue for them is that the nearest link is a very long way away. They are some of the initiatives.

Senator PAYNE—That is very helpful. Thank you very much.

ACTING CHAIR—Any further questions?

Senator NEAL—I have just one quick one. In your submission you say that it has been proposed that state regulations and accreditations should be amalgamated, but you do not really go any further than that. It does not really say whether you think it is a good idea, or whether there is any intention to take that any further.

Mr Wills—I stand corrected here. I was not aware that we said that they should be amalgamated.

Senator NEAL—It said it has been suggested they should be—I think by others.

Mr Wills—Some have suggested this. We have always taken the view that proper linkages and a cohesive quality assurance system are in everybody's interests. That is, on the back of, or on the quality base line of, a legislated minimum standard, you would have a continuous improvement accreditation peer driven system.

Therefore, we would be arguing for making that link between the legal minimum standards of regulations and the best practice, as it were, of accreditation more cohesive, more congruent. I think there are probably closer links with accreditation and legal minimum standards in this state than most others. I am not quite sure why that is the case. I believe that the review that the Commonwealth is currently doing through their new Child Care Advisory Council, which equates accreditation with quality assurance, is the correct place to start because there is an opportunity to make the quality assurance system more effective and to subsequently spread it to similar arrangements in family day care and outside school hours care. There is a very good opportunity to improve on that.

Ms Irvine—Work is currently being undertaken with respect to quality assurance around the development of a comprehensive and integrated national system of quality assurance. It certainly has not been about amalgamating, per se. It was about looking at discrete areas, maintaining creative tension, but looking at the fact that this is a very important area.

The main thing driving it is that the state government is clearly responsible for ensuring an acceptable quality baseline and maintaining that responsibility with vigilance. But we also are not satisfied with minimum quality standards, and we are wanting to see strong linkages with other mechanisms, be they at the state or the Commonwealth level, which build on the quality of the services being provided.

Senator NEAL—So you have an open mind on greater interaction between accreditation and the state regulation some time in the future?

Ms Irvine—There is current work going on at state, territory and Commonwealth levels looking at the interface and how that may be improved, particularly in light of the announcement of the review of the quality improvement accreditation system for centres looking for opportunities to build on what we have got and improve that again.

ACTING CHAIR—I thank you both for your contribution and for a very well executed stroll across the eggshells. That draws to a conclusion our hearing for today. I thank all of those who have participated and, of course, the secretariat, *Hansard* and senators involved.

Committee adjourned at 2.53 p.m.