



Child Care at a Crossroads: Impact of Federal Government Funding Cuts on Community Based Child Care

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Introduction

This paper provides the findings of a research project undertaken between October 1999 and February 2000 by UnitingCare Australia, the national body for community services in the Uniting Church. In addition to providing a 'snapshot' of what is happening for a sample of families utilising UnitingCare community based long day care facilities, and the staff providing care in those facilities, the paper raises a number of issues arising from the impact of the 1996 to 1998 Federal Government changes to community based child care.

Over 400 UnitingCare agencies operate a wide variety of community services across Australia, providing services to close to one million people each year.¹ Included in this range of community services are approximately 180 children's services programs, supporting an estimated 20,000 children and their families (including 11,000 children in child care, including long day care, occasional care, family day care, preschool, out of school hours care and vacation care). In addition, extensive networks of support to children, young people and families are provided by UnitingCare agencies in the areas of family support, homelessness and supported accommodation services, drug and alcohol services, alternative and substitute care, intensive programs of early intervention and prevention of abuse and neglect, emergency relief and crisis support, and many other programs of individual and community support.

The Research Project

The research project was undertaken to analyse the effects of recent Federal Government directives on the community-based child care sector, and in particular, the impact these changes have had on the children and families using these services. The research arose out of anecdotal reports relating to the ability of many families to access affordable quality child care once the operational subsidy to community based child care was removed; the mounting financial and social pressure on families; and financial and professional challenges being faced by many long day care centres.²

The aim of UnitingCare Australia's research project was to provide reliable evidence of the impact of Government initiated changes on children and families, and on the long day care centres themselves. The evidence will be used to advocate for policy change at a Federal Government level, in an endeavour to influence Government policy and decision makers toward the development of a more equitable, affordable and consistently high quality system of child care for families and for the organisations which provide child care services in this country. With a particular focus on the implications for good practice in child care, the research complements other recent surveys and studies which have identified changes in patterns of usage in community based child care.³

Section One begins with a contextual exploration of the policy developments leading up to the introduction of the Federal Government changes to the child care arrangements, occurring over the period 1996-1998. A brief picture of

child care usage and the comparative cost of community based child care in Australia is provided.

Section Two describes the steadily increasing pressures on families and community based long day care centres over the period 1996-1998. Reference is made to other studies and surveys, and the considerable anecdotal evidence compiled by several key peak bodies and agencies.

Section Three summarises the literature review undertaken in support of UnitingCare's research, highlighting relevant research conducted by other organisations and providing a contextual overview of the child care policy debate. The review also points to material used in support of the methodology development, and in the development of quality of care ('good practice') performance indicators.

Section Four establishes the parameters for this research, and gives a brief account of its limits and usefulness. The research methodology, process and timeframe for obtaining the data gathered for this project are summarised.

Section Five presents the findings of the two sets of questionnaires sent to UnitingCare long day care centres across Queensland, New South Wales, Australian Capital Territory, Victoria and South Australia. The first questionnaire targeted child care staff, directors and management committee members at these centres; and the second was designed to be completed by parents whose children have been attending these centres since before implementation of the 1997 Federal Government child care changes.

Section Six of this report provides an analysis of the data received from UnitingCare long day care service providers and service users, and summarises the implications of these findings for community based child care and the children and families who utilise it.

The **Conclusion** examines the implications of the research findings for the Federal Government child and family policy context.

Section 1: Child Care in Australia over the Last Decade: some background.

1.1 Federal Government changes to community based child care, instigated 1 July 1997.

The Howard Coalition Government's first Federal Budget in May 1996, announced a number of changes to child care policy and funding arrangements. Many changes were consistent with the previous Labor Government's efforts to reduce public expenditure on child care. The new directives were designed with the intention of creating a more "market driven" approach to the child care industry, and addressing the perceived oversupply of child care places in some locations. The Coalition Government argued that previous funding and policy arrangements for child care, particularly the provision of the operational

subsidy to community-based centres, had disadvantaged the private sector of this industry. A key objective was to “create a level playing field” between the community and commercial child care service operators, thereby ensuring that service users benefit from a more competitive child care industry.⁴

The child care policy and funding changes announced in the May 1996 Federal Budget reduced public expenditure on child care by \$546 million.⁵ Specifically, the changes included:

- Abolition of operational subsidies from community-based long day care centres, to be implemented from 1st July 1997.⁶ The loss of the operational subsidy was equivalent to approximately \$20 per week for each place, according to the centre’s licensing capacity;
- From 1 April 1997, work related Childcare Assistance recipients would be limited to 50 hours per week for the care of each child, unless a dire need for extending care services beyond 50 hours could be demonstrated;
- From 1 April 1997, assessment for eligibility of Childcare Assistance payments ceased to allow families to include an extra \$30 per week for every additional dependent child under the age of 16 years when calculating their weekly expenses. This effectively reduced the number of families who were eligible to receive Government assistance with child care fees;
- From 1 April 1997, the Childcare Assistance eligibility criterion of income cut-off rates, for families with two or more children, was reduced to \$74,880 for two child families and decreased to \$91,416 for families with three children or over;
- Childcare Cash Rebate was reduced from 30% to 20% for one child families with incomes above \$70,000 a year (including an additional \$3,000 for each other dependent child);
- The ceilings for the Childcare Assistance and Childcare Cash Rebate schemes were frozen for 2 years; and
- From 1 January 1998 Centrelink was to take over the payment of both the Childcare Assistance and the Childcare Cash Rebate schemes.

In the second Howard Coalition Federal Budget of 1997-1998, the Government announced further changes to child care arrangements, resulting in additional savings of \$326.7 million over four years from the Children’s Services Budget.⁷ Changes included:

- On 1 January 1998 a new payment system was introduced for families of school aged children who were accessing Commonwealth approved child care centres, family day care services and out of school hour child care services;
- From 1 January 1998 non-work related Childcare Assistance recipients were limited to 20 hours per week of care. Families who could demonstrate special need for an exemption from this limit, e.g., children at risk of abuse or families undergoing crisis, were able to access more than 20 hours of child care a week;
- 2,500 additional family day care places were to be provided over the next 4 years with a particular focus on servicing rural and remote regions of Australia; and

- A limit of 7,000 long day care places would be eligible for Childcare Assistance each year, starting from 27th April 1998 and in 1999, under the National Planning System.

These Federal government funding cuts and policy changes have been the cause of much concern by many community groups, child care industry representatives and the families of young children. In response to these growing concerns, the Australian Senate Community Affairs References Committee conducted an Inquiry into Child Care Funding during 1997 and 1998. A total of 929 public submissions, 2 confidential submissions and 395 letters (often bearing multiple signatures) were submitted to the Inquiry, expressing the concerns of all sectors of the child care industry, peak bodies, community groups and individuals who use child care services Australia-wide. Public hearings were subsequently held in Melbourne, Penrith, Gosford, Adelaide, Perth, Brisbane and Canberra.⁸

It should also be noted that although the most recent Federal Budget (May 2000) committed \$65 million to “promote greater flexibility and choice in child care”, this and other funds committed under the *Stronger Families and Communities Strategy* this year will barely begin to compensate for money taken out from child care alone over the past several Budgets.⁹ Also, the introduction of the higher level Child Care Benefit, which combines Child Care Assistance and the Child Care Rebate, and is passed on to parents as a fee reduction, will be of some assistance to families. However, we are concerned that the Child Care Benefit will still be insufficient to meet the needs of low to middle income families unable to afford the child care of their choice. In addition, the Government’s emphasis on child care for work related purposes remains a strong policy focus which has implications for “family and community strengthening”.

1.2 Recent patterns and trends in child care usage in Australia.¹⁰

According to the Australian Bureau of Statistics (ABS), 51% of Australian children under 12 used some type of child care in 1999, an increase of 3% since 1999. Child care use is far greater for children under 5, with care by friends or relatives (particularly grandparents), the most frequently used arrangement (37% of children). Long day care, family day care, occasional care and outside school hours care was used by 23% of children. Child care is mostly used for work related reasons, but a large number of parents see formal child care as “beneficial for the child”.

Average weekly fees across all child care service types increased by around \$8 from 1997 to 1999. For community based child care, this meant an increase from \$163 per week in 1997 to \$171 per week in 1999. This compares to an average increase from \$154 to \$161 in private centres, and \$130 to \$139 (for a 50 hour week) in family day care. A study by the Brotherhood of St Laurence, published earlier this year, indicates that child care costs are still a barrier for many families, particularly:

- those with two or more children in child care;
- those who face other high costs such as rent or medical/disability costs;
- sole parents, particularly students but also those in part-time, low paid work; and
- mothers whose hourly rate of pay is low.

The study found that the cost of child care has continued to rise at about three times the rate of inflation, and the new Child Care Benefit will at best simply provide a 'catch up' for the years in which subsidies were not increased with CPI.¹¹

Section 2: Anecdotal evidence of impact of changes on families and community based long day care centres.

In 1996, the Federal Government declared its intention to remove the operational subsidy from community based child care centres, to freeze the ceiling on Child Care Assistance, and to place upper limits on both work-related and non-work related Child Care Assistance.

The initial outcry was loud and clear – the community based child care sector feared that removal of the operational subsidy from community based child care centres would seriously undermine their ability to continue to provide sustained, high quality care to children and their families. More stringent restrictions on Child Care Assistance would disadvantage the very families who most needed to access long day care for long hours. Despite the response from the sector, policy and funding changes came in to effect on 1 July 1997.

In order to provide the same level of service, community based child care centres increased their fees. By the end of 1997, fees had increased from an average of \$5 to \$35 per week.¹² Affordability, always a major consideration for parents, took on new dimensions. Centres reportedly tried to minimise fee increases as much as possible. The 'extras' were pruned back – nappy and food services were reduced or cut out, extra programs such as specialist music programs and outings were rationalised, parents were asked to provide extras such as fruit, opening hours were shortened, time and resources were pruned from planning and program development, and staff development and training became an outside of work option rather than a core component of centre functioning.¹³

Not all community based child care centres survived. As parents either withdrew their children or reduced care hours because they could no longer afford fees, centres struggled to make ends meet. Closures were reported in every state,¹⁴ and UnitingCare child care centres were not immune: in Queensland, three UnitingCare agencies, all located in low socio-economic regions, closed between December 1998 and December 1999, affecting 180 children and their families; and two NSW UnitingCare centres closed during 1999 with three more operating below capacity. Although no UnitingCare centres have closed in Victoria, two are operating at well below capacity. One of these is in a public housing belt, and reports the sheer inability of families to

meet fee increases. South Australian centres have also been under pressure, with one centre which used to cater for a high proportion of low income, disadvantaged families now having no capacity to subsidise low income families.

The Senate Inquiry hearings, held in mid-1998, provided the sector with the opportunity to present evidence about concerns arising out of these policy changes. UnitingCare Australia was one of the many peak bodies to present evidence, and appeared as an advocate for the estimated 120 UnitingCare child care programs operating across Australia, including 60 long day care centres catering for approximately 3,000 children and their families.¹⁵ Evidence was presented about the immediate and anticipated impact of loss of operational subsidy on community-based centres. Together with many other organisations who appeared before the Inquiry, we articulated the particular concern that the quality and affordability of child care services had been placed in jeopardy. At that stage, many community based child care centres had already increased fees, and others saw fit to reduce ancillary services such as hot meals, nappy service and supplementary programs in order to ensure quality of direct care could be maintained.

These references to the potential risk of decline in quality of care were not well received by the Senate Community Affairs References Committee which ran the Inquiry. Evidence was dismissed as 'purely anecdotal', and a call for 'hard evidence' was directed not only to UnitingCare Australia, but to the many other community organisations who argued along similar lines.¹⁶

Section 3: Literature Review – A Summary

In order to provide such 'hard evidence', UnitingCare Australia initiated this research project. The initial step was the literature review. The specific findings of the literature review have been written up in a separate paper.¹⁷ The purpose of the literature review was to:

1. Identify those indicators of 'quality' which provide a benchmark for good child care practice. The material examined for this project highlighted four key indicators of quality in relation to the delivery of "best practice" in centre-based child care services:
 - the employment of qualified and experienced child care workers;
 - the continuity of care givers;
 - low child/staff ratios; and
 - small group sizes.

The review identified considerable documentation of issues concerning quality of care in child care settings, including that developed in support of Australian child care accreditation standards and other national and international benchmarks of good practice.¹⁸

2. Provide a precis of government policy and funding commitment over the last two decades, and give a brief overview of the changing patterns of usage of child care over that time. A summary of the main findings of this part of the literature review is found in ***Section 2***.

3. Identify other current relevant research in the area of child care and implications for children and families. The review showed that much recent research on community based child care had focused on child care usage patterns by families, and tended to use simple survey techniques (e.g. phone-ins). Information was largely obtained from directors of centres, with some small studies obtaining data directly from parents. Little emphasis had been placed on changes to service delivery, and the subsequent impact on children, their carers and the centres' operations.¹⁹

Considerable research has also been undertaken on the importance of child care for community development and the building of 'social capital'. Child care centres have been shown to provide families with an important link to other family supports and services, and a point of integration into the wider community.²⁰

Section 4: The research project: parameters and methodology.

4.1 The research question, target and limitations.

Timeframe

The project was conducted over a 6 month period from September 1999 to March 2000. The majority of the data collection took place during the first 2 weeks of December 1999.

The question

Essentially, the research explores the impact of Federal Government funding cuts and policy changes (circa 1997) on the families and staff of UnitingCare community based child care centres. That impact is measured by using the following indicators:

- Benchmarks of quality child care, or 'good practice', especially the employment of qualified and experienced child care workers; the continuity of care givers; low child/staff ratios; and small group sizes;
- Affordability of community based child care;
- Choices available to parents;
- Changes in patterns of usage of child care, including a mix of long day care and other forms of child care;
- Parental satisfaction with care;
- Staff observations regarding behaviour of children; and
- Changes to care giving and other services/operations within centres.

Limitations of this research

The limitations of the research must be acknowledged:

- The **sample** is small, drawing on UnitingCare community based child care centres only. Out of a possible 60 long day care centres, 48 were identified for the purposes of the research, but one of these had recently closed. Responses were received from parents and/or staff in 34 of the remaining 47;
- **Questionnaires** were targeted at parents and staff who had been associated with the centre for at least two and a half years, and were therefore in a

position to observe changes between July 1997 and December 1999. The parent population, therefore, is a particularly stable one. The questionnaires did not reach those parents who have completely withdrawn their children from that centre;

- ***Distribution and return of the questionnaires*** relied on the goodwill of the director of each centre approached;
- ***The timeframe*** was a potential difficulty, as questionnaires were sent out the end of November, with a return date of 17 December – immediately before the Christmas break; and
- We were aware of ***other significant demands*** placed on Directors at about the same time.

Given these limitations, it is important to consider this research and its findings within a broader context. The ‘snapshot’ provided is informative, and has implications for current and future research, and for Government policy formulation. It must, however, be read in conjunction with other research findings and social policy critiques.

4.2 The Research Steering Committee: methodological and ethical oversight

The project was developed with the support of a research steering committee, comprising

- Members of UnitingCare Australia’s Advisory Committee on Children, Youth and Family, who have considerable expertise and experience in the community based long day care sector. Included in this category were the Director of the NSW Uniting Church Children’s Services Forum, the Manager of the Children’s Services Unit, UnitingCare Victoria, and the Manager of the Children’s Services Unit, UnitingCare Queensland. Between them these three managers are responsible for 50 long day care centres, in addition to approximately 100 other children’s services such as family day care, outside school hours care, vacation care, occasional care, preschool and playgroups.
- The Manager of the research unit of Burnside, a UnitingCare agency providing extensive services to children and families in NSW. Burnside’s research unit is strongly supported by a Research Advisory Committee, which provided advice on methodological and ethical issues, and has a proven track record in the development and publication of research on a range of issues relating to children, young people and families.²¹
- Two committee members represented other aspects of the Uniting Church’s work with children: the National Director of Uniting Education, which at that time had a mandate for children’s ministry across the Uniting Church in Australia, and the CEO of Port Pirie Central Mission, which provides a range of community services to meet the needs of families and communities under stress in a wide rural geographical region.
- An independent person, who is currently a parent of children using child care, has expertise in social policy development, and has been an active member of the Uniting Church’s Children’s Ministry Network.

In addition, the steering committee sought advice on the questionnaire development from the Director of a UnitingCare child care centre based in the ACT.

The steering committee acted as an advisory body to assist the primary researchers with the development and coordination of the project, and publication of project findings.

4.3 The Questionnaires

Two questionnaires were developed, focusing on staff and parent observations about changes which had occurred at the child care centres since implementation of funding cuts and policy changes on 1 July 1997. **Questionnaire A** targeted staff at UnitingCare long day care centres, inviting direct care staff, directors and management committee members to participate. **Questionnaire B** targeted parents of children who had been at that centre from before 1 July 1997, and would therefore have some knowledge of changes occurring at the centre during the period in question.

The questionnaires covered seven general areas:

- For staff, information about licensing and enrolments; and for parents, information about current centre usage;
- For parents, changes to work and care arrangements;
- Child group sizes and staff/child ratios;
- Continuity of care givers and mix of care;
- Staff qualifications and experience; and staff working conditions such as workloads and changes in responsibilities;
- Changes to child care program and services; and
- Observations about the impact of particular Government decisions.

Both questionnaires incorporated quantitative and qualitative approaches, with the aim of gathering quantifiable data while at the same time allowing individual respondents the chance to add their own opinions or experiences.

4.4 The sample

Forty eight UnitingCare long day care centres in Queensland, NSW, ACT, Victoria and South Australia were identified from the data bases of each Synod of the Uniting Church in Australia (It should be noted that child care is also provided by a small number of UnitingCare agencies in Tasmania and Western Australia; several currently listed centres commenced operation after 1 July 1999; and at the project's commencement, the national UnitingCare data base was incomplete). One of the 48 identified centres had recently closed, leaving 47 available to survey.

A total of 1880 questionnaires was sent to the 47 identified long day care centres: 470 staff questionnaires and 1,410 parent questionnaires. Packages were addressed to centre directors, with instructions for distribution and return of questionnaires.

4.5 Timeframe and process for data collection

In September/October 1999 directors of the 47 UnitingCare long day care centres in Queensland, NSW, ACT, Victoria and SA were notified of the research, and invited to participate in the project.

Each of the 47 centres was sent a package in the last week of November 1999, containing:

- 10 each of **Questionnaire A** to be completed by child care staff, the centre director and the management committee members;
- 30 each of **Questionnaire B** to be completed by parents who currently accessed the centre at the time of the research project and who used the centre prior to 1 July 1997;
- a self sealing return envelope, accompanying each questionnaire;
- a master copy of **Questionnaires A and B** for photocopying purposes, if necessary;
- a letter addressed to the centre's director providing instructions for distribution and return of questionnaires; and
- a large postage paid Australia Post envelope in which the completed and sealed questionnaires could be returned to the UnitingCare Australia national secretariat office in Canberra.

Section 5: The findings

5.1 Questionnaire returns

A total of 103 child care staff/management committee member surveys was returned from 34 out of the 47 UnitingCare long day care centres approached. Just under half (46%) were completed by child care workers, with 28% completed by directors or administrators, 24% by management committee members, and 2% by 'other'.

A total of 117 parent questionnaires were returned from 24 of the 47 UnitingCare long day care centres approached.

It should be noted that the one centre which had recently closed submitted a brief written response to the issues raised in the questionnaires. This NSW (southern suburban Sydney) centre had been operating for 17 years, and was licensed for 39 places. The reason for closure was stated as 'loss of viability', because of

- Federal Government withdrawal of operational subsidy;
- inability to maintain fees at a level affordable for families in the area; and
- recent proliferation of long day care centres in the area.

When the new fee structure was introduced in January 1999, the utilisation rates reduced dramatically from a previous low of 93.65% to below 87%. Although many parents expressed a desire to keep the centre open, numbers

decreased as people chose alternative forms of child care – by no means all centre based.

5.2 Questionnaire A - for directors, staff, and management committee members.

Enrolments

A third of all respondents reported a decrease in total (full time equivalent) enrolments in all age groups since 1 July 1997. However, there has also been a dramatic increase in the number of part time places. A quarter of respondents indicated that their centre now catered for more part timers than full time children, and the number of part timers accessing the centre at different times of the day is highly variable.

Some centres which had formerly not catered for under two year olds now do so, in order to make up for declining numbers in the older age groups.

Changes for staff and volunteers

While 20% of respondents observed a reduction in the number of highly qualified and most experienced staff, another 9% felt that their centre now had more qualified and experienced staff than previously. All respondents indicated that their centre still maintained an appropriate number of staff with early childhood education qualifications for the number of preschool aged children.

47% of staff respondents are now experiencing reduced time for program development with 45% expected to undertake professional development in their own time. There are now less opportunities for staff meetings, and the number of support staff employed has reduced. Increased casualisation accompanied a reduction in the hours of permanent child care workers (29%), and there are fewer replacement staff for child care positions. Directors' direct care responsibilities had increased significantly (44%), and the number of volunteers had increased (32%).

Management Committee members are experiencing an increase in their responsibilities (26%). The centres' decreased ability to renew equipment and toys was reported by 53% of respondents, and 42% of staff respondents reported on increased fundraising efforts to address this.

Staff observations – children and families

71% of respondents had noted that more families are now using a 'mix' of care arrangements, compared to 2-3 years ago. Respondents referred to the difficulty of providing continuity of care, and noted the confusion experienced by many children who were receiving care in two or more different non-parental care giving situations through the week. Staff respondents noted that children experiencing a mix of care situations each week take longer to settle, and some display behaviour problems and tend to have fewer social and language skills than their peers.

Staff observations – Loss of subsidy

Staff indicated that loss of operational subsidy had an impact on:

- increased fees (77%);
- reduction in the centre’s budget, involving reduced excursions, nappy service and specialist assistance (43%);
- increased administrative workload due to the increase in number of part-timers (10%);
- longer term implications in relation to fewer qualified and experienced child care workers as the industry becomes less attractive and professionally limited.

Staff observations – quality of care

Only a few staff respondents commented specifically on the **quality** of care. The particular areas which staff believed were **potentially suffering** as a result of recent changes and constraints were:

- Less time for child care program development;
- A reduction in staff/child ratio to the minimum standard;
- Staff more stressed and overworked;
- A lower number of highly qualified staff now being employed; and
- Increase in the number of part time children, making it difficult for child care workers to get to know the individual needs and cultural backgrounds of children, so as to build more meaningful relationships with children and parents.

5.3 Questionnaire B - for parents

Parents’ child care arrangements

Most parents used only the UnitingCare long day care centre for their non-parental child care (68%). Of those also utilising another form of care, 18% used care by a relative, 6% care by a non-related person, 6% preschool, and 2% of respondents’ children used another long day care centre.

Child care arrangements had changed in the past 2 years for 41% of respondents for the following reasons:

- increased fees (23%);
- freeze on Child Care Assistance payments ceiling (6%);
- changes in work arrangements (6%); or
- a combination of reasons (7%).

Parent observations - impact of increased fees

Increased fees were a serious concern for the majority of parents (84%), with about one third of all parents indicating that they now experienced hardship in meeting increased costs. As a result, 22% of all responding parents had reduced the amount of time their children were in long day care, and 10% of all parents reduced the number of hours they actually worked. Those who did not reduce working hours sought alternative forms of care to supplement centre-based long day care. 6% of parents had increased their working hours in order to meet costs, and 4% increased the number of care hours used.

Overall, 80% of parent respondents indicated that increased fees had influenced their decision to alter child care arrangements over the last two years.²²

Parent observations – impact of recent changes on staff

Parent respondents had noted an increase in staff turnover, and an increased use of casual staff over the period in question (29%). A small number (less than 5%) referred to the unsettling effect of this change on their children.

Observations of the impact of recent changes on the centres' activities include

- a greater need for fundraising to supplement income, e.g. for toys and equipment (noted by 20% of parent respondents);
- a reduction in the number of outings (11%);
- the introduction of mixed aged groups, particularly at start and end of day (11%);
- the introduction of charges for, or total removal of, nappy or food services (13%); and
- several parents noted the reduced opportunities for speaking with staff on a day to day basis.

Observations about changes regarding staff qualifications and experience, staff relationships with children and parents, and changes to staff/child ratios, were mixed. Less than 15% of all respondents provided answers to these questions, and in all questions, observations of 'increases' were countered by observations of 'reductions'. One possible reason for this result is that unless they are heavily involved in the management of the centre, parents are less likely to have an intimate knowledge of the staffing, grouping and program details of the centre.

Parent observations – quality of care

Centre-based care was the first choice for 74% of parent respondents, for reasons of social interaction with other children (46%), a stimulating and educational program (19%), reliability and accountability (19%) and qualified and experienced care givers (15%). The 14% who ranked care provided by a relative, friend or neighbour as more beneficial to children cited reasons of continuity of care (50%) and similar parenting principles (18%) over cost benefit (14%). Those who would prefer family day care (6%) placed equal importance on "homelike environment" flexible hours and low cost.

The factors which parents believed to be most important when selecting centre based child care for their children, in order of importance, were:

- Safety;
- A varied and development child care program;
- Qualified, experienced and interested/caring staff;
- Continuity of care givers;
- A well maintained and equipped centre;
- Convenience of location and opening hours;
- Encouragement of parental involvement; and
- Meals and nappy service.

However, 11% of parents indicated that centre based care was too expensive to use all the time.

Parents noted levels of satisfaction with the child care centre against these factors. The factor with which parents were '*most* happy' was the staff (55%), followed by stimulating and educational program (19%) and 'quality care' (19%). An overwhelming majority (95%) expressed satisfaction with their child care arrangements.

Least satisfaction was expressed against the following factors: cost of centre based care (32%), high staff turnover (3.5%), a preference for longer opening hours (2.5%) and dissatisfaction with the child care program (2.5%).

Importantly, approximately 72% did not comment on 'changes to quality of services over last two years', and some wrote affirming comments about their centre's ability to maintain high quality service despite obvious increased pressures.

Section 6: Analysis

At this point, it is important to reiterate the limitations of this study. In addition to being a very small sample, it relies heavily on the observations of parents who have been utilising a particular child care centre for some time, and therefore are likely to be reasonably happy with their child care arrangements. In addition, the specific *comments* of staff, while insightful, represent a much smaller sample again.

Despite these limitations, some patterns appear to be emerging.

For *staff*, increased workloads, decreased professional support, and a higher number of part time children and therefore families with whom to relate have resulted in significant constraints and less flexibility, with regard to both direct care and service management.

For *parents*, increased fees have placed pressure on household budgets, and for a significant number, have required adjustments to care arrangements and/or work arrangements. The pressure on staff has been noticed, but a general satisfaction with the quality of care has been affirmed.

6.1 Evidence of Impact of Federal Government policy changes

- ***Fee increases.*** Initially, all centres were forced to increase their fees. This resulted in either total withdrawal of children from centres, or a reduction in the number of hours for many children.
- ***Increase in part time places.*** Centre staff face increased demands in terms of individual care of children, and administrative requirements.
- ***Changes to management/care regime.*** Centres have had to respond to financial constraints and lack of an assured level of income in various ways. These include: increasing child/staff ratios, reducing staff hours, hiring less

qualified or less experienced staff, reducing support staff ('floaters' and relief staff, cleaners, cooks) and relying on volunteers for non-direct care tasks, cutting back on some services (e.g. nappy service, hot midday meals), rationalising staff training, and delaying the updating of equipment.

- **Parents' response.** Parents have reduced, increased or otherwise reorganised their work commitments, reducing hours of centre-based care, and/or opting for a mix of care which includes less costly alternatives in addition to centre based care.
- **Higher child/staff ratios.** Larger groups of children are now relating to each child care worker. Whilst minimum standards are being maintained, staff did observe that the quality of relationship with each child would inevitably be affected by this change.
- **Increased workloads for staff, directors and management committee members.** Program planning and professional development is now often scheduled 'out of hours', significantly more direct care is expected of the director, and there has been an increased call on volunteer involvement, particularly for fundraising purposes.
- **Less qualified/experienced staff and greater use of casual, short-term staff.** The evidence in this regard is slight, and would have to be monitored over time.
- **Introduction of 50 hour limit for work related care, and 20 limit for non-work related care.** Staff were more likely to comment on the 20 hour limit on non-work related care, and parents on the 50 hour limit for work related care. However, feedback on these questions was minimal, making it difficult to draw any firm conclusions.
- **Changes to Child Care Assistance eligibility, and two year freeze on Child Care Assistance ceiling.** Only 6% of parents included this factor as influencing their decision to alter their child care arrangements, and less than 5% of staff respondents referred to a reduction in numbers of children due to these changes.

In summary, the research has shown evidence of changes to community based child care which appear to be a direct result of removal of operational subsidy. These changes affect children, parents, and staff, and have some implications for the capacity of the centre to provide a level of care which satisfactorily meets the four key indicators of quality:

- Continuity of care;
- Employment of qualified and experienced care givers;
- low child/staff ratios; and
- Small group sizes.

However, the findings also give a strong indication that centre staff and management are at this point in time still able to provide care for children and support to families at a highly acceptable level.

6.2 Socio-economic indicators

Although no intensive analysis was undertaken of the socio economic status of the families attending the centres surveyed, or of the areas in which centres

were located, the findings, and in particular individual comments, indicate that many families are struggling to meet the costs of child care. By cross referencing with Tony Vinson's study of locational disadvantage in NSW and Victoria, and ABS data on locational disadvantage, we were able to draw some (limited) conclusions about the socioeconomic profile of the localities of the centres surveyed.²³

Four of the surveyed Victorian centres, for example, were located in areas of high social disadvantage (based on Vinson's social deprivation indicators). Two NSW centres were located in areas of moderate disadvantage, and another two were located close to areas of high density public housing. One Queensland centre was located in a very socially disadvantaged area, marked by high public housing and low average family incomes. Although the majority of centres actually surveyed were located in areas of far less social disadvantage, a high proportion of parents from these centres indicated they experienced difficulty with meeting the costs of child care.

6.3 Other implications of this research

The research raises many additional questions. The findings also highlight other key concerns for families accessing community based child care, and for the staff and management of community based child care centres:

- the challenge of balancing work and family responsibilities;²⁴
- the importance of community based child care for non-work related purposes;
- the capacity of community based child care and other formal child care to assist with building social capital, both in terms of networks of informal care and links with other community supports for children and families;
- tensions in families whose employment is insecure, and the implications this has for child rearing, healthy family relationships, and the potential risk of child abuse and neglect and domestic violence;
- particular issues faced by sole parent families; and
- the challenge of maintaining viability of community based services while ensuring flexibility of care.

Conclusion

Current Government child and family policy is replete with 'child and family friendly' rhetoric, reiterated in every Coalition Government Budget Statement since 1996.²⁵ The Commonwealth Child Care Advisory Council recently referred to a major challenge for child care services as one of "(operating) as part of the changing world whilst holding firm to the quality of care that has been Australia's hallmark."²⁶ The important role of child care in community building, in the well being of children and families, and as a resource for parents and communities has been reiterated many times, both in the context of child care policy and the recently launched *Stronger Families and Communities Strategy*.²⁷

The findings of this report suggest that in the experience of staff and parents associated with UnitingCare long day care centres, the Federal Government's

decision to remove operational subsidy from community based child care centres has had a significant detrimental impact. Whilst most centres have managed to stay financially viable, and are maintaining a satisfactory standard of care, adverse changes to the resourcing of care are evident.

This research, whilst small in scope, has much to say to Government about the reality being faced by Australian families who strive to maintain an even balance between their caring and employment responsibilities. Immediate concerns relate to the affordability of the forms of child care most appropriate for meeting families' work related and non-work related needs. It is too early to tell what impact the new Child Care Benefit will have on affordability, but even if affordability does begin to improve, the adverse impact of operational subsidy loss on centre resources and infrastructure will be difficult to remedy.

The research identified the pressures under which centre staff find themselves. Despite significant resource constraints, centres are still providing flexible, high quality care. However, longer term concerns have been identified, and the capacity of community based child care centres to maintain ongoing, high quality care to children and their families clearly remains under threat.

Recommendations

The Federal Government should:

1. Revisit its decision to remove the operational subsidy to community based child care.
2. Through an increase in Child Care Benefit, provide additional expenditure support for low income child care users, families where more than one child is in child care, sole parent families, and families who have additional costs related to disability or health, emergency needs, or study or work, and who without such additional support, are unable to maintain appropriate child care.
3. Give greater priority to the child care needs of Australian communities in the context of the ***Stronger Families and Communities Strategy***. For example, funding for "local solutions to local problems" should include a strategy for building on the community development capacity of community based and other child care.

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Endnotes

- ¹ UnitingCare Australia National Community Services Data Base, July 2000.
- ² Anecdotal evidence and a range of issues and concerns were presented to the Senate Community Affairs References Committee and can be read in the ensuing Report, *Inquiry into Child Care Funding*, 1998.
- ³ Surveys were conducted by the NSW Council of Social Services (October 1997 'Hotline'); the Liquor Hospitality and Miscellaneous Union and the National Association of Community-Based Children's Services (December 1997); the Australian Services Union (March 1998); the Queensland Child Care Coalition (February 1998 and March 1999); Megan Anwyl, MLA, WA (late 1997); the Tasmanian Association of Children's Services (January 1998).
- ⁴ Submission No. 894 Department of Health & Family Services, to the Senate Inquiry into Child Care Funding, 1998, op cit.
- ⁵ 1996-97 Federal Government Budget Papers, Department of Health and Family Services, *Children's Services Programme Fact Sheet*.
- ⁶ Senate Inquiry into Child Care Funding, op cit, pages 18-19.
- ⁷ 1997-98 Federal Government Budget Papers, Department of Health and Family Services, *Reforms to Family and Children's Services Program – Fact Sheet 12*.
Senate Inquiry into Child Care Funding, op cit, pages 1-5.
- ⁹ See Brennan, Deborah "Modest spending to build stronger families", *Impact*, ACOSS, June 2000, p. 12.
- ¹⁰ The figures in this section come from the Australian Bureau of Statistics (2000), *Child Care, Australia* (Cat. No. 4402), unless otherwise specified.
- ¹¹ Tasker, Gill and Siemon, Don (2000) *Is Child Care Affordable? Pressures on Families and their Use of Formal Long Day Care*, Brotherhood of St Laurence, Melbourne.
- ¹² The average weekly fee for community based child care was \$171 in 1999, compared to \$161 for private centres. ABS, op cit.
- ¹³ As published in submissions to the Senate Inquiry into Child Care Funding, op cit,
- ¹⁴ Reported by the National Association of Community Based Children's Services, and cited in *The Age*, 6 December 1997.
- ¹⁵ In addition to long day care, UnitingCare child care programs include family day care, outside school hours care, vacation care, and preschool, providing care to approximately 11,500 children and their families.
- ¹⁶ As evidenced in report of the Senate Inquiry into Child Care Funding, op cit.
- ¹⁷ Unpublished paper.
- ¹⁸ The determinants of quality child care have been well summarised. See for example Brennan, Deborah, *The Politics of Australian Child Care: Philanthropy to Feminism and Beyond*, Cambridge University Press, 1998; Murray, S, "Minimum Australian Child Care Standards", *Australian Journal of Social Issues*, Vol. 32, No. 2, May 1999; "The Search for Quality Child Care", *Search*, November 1994; and the Commonwealth Government's *Principles for the Quality Improvement and Accreditation System*, November 1999.
- ¹⁹ See endnote 3, and also Warrilow, Prue and Harris, Jane, *Report of the Impact of Changes in Commonwealth Child Care Policy and Funding on Families in NSW*, for NSW Department of Community Services, November 1997.
- ²⁰ Explored by Hadley, Faye, "A Community Vision for Children", *Rattler*, Issue No. 52, Summer 1999; and McGurk, Harry, "Child Care in a Caring Society", Paper presented to *Family Research Pathways to Policy Conference*, November 1996.
- ²¹ For list of Burnside publications, see www.burnside.org.au.
- ²² "Changes to child care arrangements" appeared in more than one question. Not all parents answered every such question.
- ²³ Vinson, Tony (1999) *Unequal in Life: the distribution of social disadvantage in Victoria and New South Wales*, Jesuit Social Services; and Australian Bureau of Statistics *Social Atlas* Information for Brisbane, Sydney and Melbourne and *AusStats* for NSW, Queensland and Victoria, March 2000.
- ²⁴ Explored to a degree in the Brotherhood of St Laurence study by Tasker and Siemon (op cit.), which found that women are now questioning whether employment is worth it.
- ²⁵ Respective Ministers for Family Services have published separate 'Strengthening Families' (or similar) statements as part of the Budget Papers since 1996-97.
- ²⁶ *Child Care Beyond 2000*, Child Care Advisory Council, May 2000.
- ²⁷ Department of Family and Community Services, *Stronger Families and Communities Strategy*, April 2000.