



Speech by

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**MEMBER FOR TOWNSVILLE**

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### CHILD CARE

**Mr REYNOLDS** (Townsville—ALP) (11.57 a.m.): In recent weeks I have been approached by several day care centres within my electorate hit hard by the Howard Government's savage cuts to child-care funding. The magnitude of the cuts is hard to comprehend—\$1.3 billion altogether—and in a place like Townsville, with its highly transient population, the impact has been severe.

Because of the presence of the defence forces and other public institutions, many families in Townsville are on transfer and do not have extended family support in their immediate area. They must rely on the use of child-care centres and non-relatives as carers, yet Mr Howard has made the cost of formal care prohibitive. Not surprisingly, we are seeing an increasing reliance on informal, backyard carers, as well as a high number of centres offering formal care struggling to survive.

A few simple facts tell the story. In a recent survey, 34% of Townsville families reported using some informal care in addition to any formal care arrangements. This compares with the State average of 26%. At least half of the informal care took place outside of the child's home. On the other side of the coin, there were 312 full-time vacancies recorded in July by Townsville's long day care centres.

The crisis in child care in Townsville has been summed up succinctly by Ms Jo West from the Playmate Day Care and Kindergarten in the Townsville suburb of Garbutt. She told me—

"This is becoming a big problem in our area. Please can you help?"

At the heart of the child-care conundrum is the Howard Government's parsimony and its lack of commitment to child care. The system is in crisis essentially because it has been ripped to shreds. Everyone is hurting. The changes to child-care arrangements have affected middle income as well as low income earners and they have put a huge strain on the way day care centres manage their business as well as the way families use their services.

I am told that, across-the-board, occupancy rates at day care centres have dropped alarmingly and centres are responding by putting off staff, putting up the for-sale signs or simply going out of business. Tragically, many families with young children are being forced to seek private, unregulated and often unsafe "backyard" carers simply because that is all they can afford. Meanwhile, school-age children are being left to care for themselves and the elderly are being called upon to care for grandchildren at a time in their lives when they are frail and deserve a break.

Were these not the very conditions and standard of care that Labor tried to move away from, and improve, from the early 1970s onwards? Clearly, we are on a track running back to the bad old days with the Howard Government in the driver's seat. By contrast, former Labor Governments treated child care as a means of helping parents to stay in the workforce. They realised that the skills of women especially could not be wasted if Australia wanted a prosperous economy and that parents who leave the workforce are at a disadvantage when they try to return. Now, of course, we have the Howard Government doing its best, both directly and indirectly, to keep women at home. At the very least, the Prime Minister is making it extremely difficult for families to find affordable, responsible day care outside the home.

Yet the coalition went to the election in 1996 promising to protect the system of child-care assistance and said it would not introduce the 12-hour cap on non-work-related assistance. Naturally enough, small business operators continued to invest in child care. But then, of course, the Howard

Government moved away from its election promises and abolished operational subsidies to long day care and outside school hours care. It also introduced a number of measures which dramatically reduced access to child-care assistance. Obviously, its earlier promise to the Australian electorate on child care was not a so-called core promise.

Let us look at how some of these changes play out. I am told by the day care centre owners in my region that assistance for work-related care is now capped at \$50 a week. The effect of this is to reduce from \$115 to \$95.50 the maximum assistance available for a full week's care in a centre which is open for 12 hours a day. It is no longer possible to deduct \$30 a week for each additional child under 16 from income for calculating child-care assistance. Also, the rate of assistance, which used to increase for more than one child, now increases for more than one child in the same kind of care.

As a consequence of these changes to previous arrangements, families with a number of children at different stages of development—the ones who most need financial assistance—are also the ones worst hit by the changes. What a mess! But it gets worse! With the abolition of operational subsidies to outside school hours care, fees have risen, typically by about 50%. Child-care assistance is now available on the same means tested basis as it is for long day care, but the administrative complexity for parents and centres is a problem, with many parents out of pocket and having to withdraw their children. This has caused financial difficulties for centres, forcing many to the wall. Centre closures across-the-board have been disproportionately in the lower socioeconomic areas.

Mr Alf Cavallaro, owner of the Little Possums Day Care Centre in the Townsville suburb of Heatley, describes it in this way. He says—

"It's your average working Australian desperately trying to provide a decent life for his or her family who is most disadvantaged."

He reckons the incentives are becoming fewer and fewer for parents, particularly young parents, to stay in the workforce. That is a great situation in a country desperately trying to reduce unemployment rates! Senator Belinda Neal's office in Canberra tells me that, altogether, the changes introduced in the first three coalition Budgets have reduced estimated expenditure on child care over four years by \$1.3 billion. It is easy to see who has paid for the much-vaunted surplus.

Ironically enough, the Federal Budget amount for child-care assistance in the last financial year was underspent by \$117m because the reduced affordability caused families to withdraw their children from formal care. In total, cuts to child-care assistance have amounted to an average of \$20 per child per week. Meanwhile, I am told that the loss of operational subsidies to community centres has meant that fees have had to rise by up to \$20 a week. General rises in prices, including wages, mean that fees have to rise or child-care operators have to absorb the increases.

Parents are coping by reducing the hours of formal care they use, either by reducing their own working hours or by using a cocktail of formal care, friends and relatives and backyard care. This is extremely stressful for parents and children and, in some cases, dangerous for children. Yet the coalition Government still fails to understand the crisis which is occurring in child care.

Labor's positive record in child care stands in stark contrast to that of the coalition. Despite Mr Howard's claims of protecting and representing small business, it has been Labor which has shown, through its actions, that it values the work of the child-care sector. We support the day care centres because we believe caring for children is the first duty of a community and because affordable, accessible, good quality child care is an essential prerequisite for parents to participate in the paid workforce.

We believe Government should pay a reasonable proportion of the cost of child-care provision so that quality child care is within the reach of all parents. There is no doubt that benefits accrue to the whole community from access to affordable, good quality care. That is why additional moneys will be announced in the State Budget today for child care. I understand that a significant portion of that is designed to help child-care centres to keep their doors open.

But at a national level more needs to be done to repair a system in crisis. A Federal Labor Government will aim to reduce the gap between the maximum child-care assistance available—currently \$95 a week—and fees charged by centres, which are typically about \$165 a week. Labor is prepared to examine the way the hours of non-work-related care interact with the charging practices of child-care centres. Labor is also committed to the accreditation system and its continued improvement and extension.

In essence, I have advised people in my electorate and the area I cover as Parliamentary Secretary to the Premier in north Queensland—people such as Jo West and Alf Cavallaro—that Labor's vision for child care in the short term has to be about repairing the damage caused by the Federal coalition Government. In the medium term, Labor stresses the need for sensible planning and the provision of good services by viable community organisations and businesses.

In the long term, it is important to look at ways of raising children, the curriculum of child care, parent training, and existing and potential links with schooling, especially in the light of research on education, relationships and crime. As a father of two children, I know that children represent an enormous commitment. But I also know that careful and adequate attention to their needs while they are young saves the family and the community much heartache later on.

I conclude by saying that no economic argument is more important than child care. No political ideology is more important than child care. Children are our most precious resource. It is as simple as that.

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