

4 Children's and family services

4.1 Introduction

This chapter begins with a short section on the characteristics of children and families in Australia, followed by a brief discussion of financial assistance available to families with children through the social security and tax systems. The main section of the chapter focuses on children's services, that is, child care services for children under school age and of primary school age, and preschool services. The chapter concludes with a short section on the current data development activities in the family support services area, which was discussed in some detail in *Australia's Welfare 1997*. Information on children who come into contact with State and Territory community services departments for protective reasons and the services provided for these children is contained in Chapter 8.

Financial assistance—government cash benefits, including family payments—is provided solely by the Commonwealth Government, while children's services and family support services are funded and/or provided by all three tiers of government—Commonwealth, State and Territory governments, and local governments. The Commonwealth Government has recognised the links between financial assistance to families and services for families by bringing its family assistance programs together into the one department, the Department of Family and Community Services (FaCS), in order to 'encourage a much more focussed whole of government perspective to family support' (Howard 1998). In June 1999 the Prime Minister announced the development of a new National Families Strategy. This new Strategy will focus on providing support to families through different stages of the life cycle, 'from marriage, to parenting, to dealing with children when they come to leave home' (Howard 1999). As at October 1999, this Strategy is in the process of being developed.

4.2 Families and children in Australia

At 30 June 1998 there were around 4.7 million children aged 0–17 years in the Australian population (Table 4.1). This comprised 25% of the total estimated resident population of 18.8 million (ABS 1998a:20–1). At 30 June 1990 the population of children aged 0–17 years was slightly lower, 4.6 million, although it comprised 27% of the total estimated resident population of 17.1 million at that time (ABS 1992:25–6). At 30 June 1998 the distribution of the children across States and Territories was roughly in proportion to the distribution of the total population, except in the Northern Territory, where children aged 0–17 years represented 31% of the total population.

Although the total number of children aged 0–17 years increased in every year from 1990 to 1998, the number of children aged 0–4 years began to fall from 1996 onwards, reflecting declining fertility rates. Between 1995 and 1998 the number of children aged

Table 4.1: Estimated number of children aged 0–17 years, by age, 30 June 1990–98 ('000)

Age (years)	1990	1991	1992	1993	1994	1995	1996	1997	1998
0–4	1,258.2	1,271.7	1,284.7	1,292.5	1,298.0	1,299.5	1,297.0	1,292.3	1,283.6
5–12	1,996.7	2,017.1	2,034.9	2,048.0	2,057.1	2,073.9	2,090.4	2,098.5	2,110.0
13–17	1,308.3	1,284.0	1,266.2	1,253.5	1,257.7	1,269.4	1,289.4	1,307.0	1,322.7
Total population	17,065.1	17,284.0	17,494.7	17,667.1	17,854.7	18,071.8	18,310.7	18,524.2	18,751.0
As percentage of total population									
0–4	7.4	7.4	7.3	7.3	7.3	7.2	7.1	7.0	6.8
5–12	11.7	11.7	11.6	11.6	11.5	11.5	11.4	11.3	11.3
13–17	7.7	7.4	7.2	7.1	7.0	7.0	7.0	7.1	7.1

Source: ABS 1992, 1997a, 1998a.

0–4 years fell by 15,900, or 1.2%. Fertility rates have continued to fall steadily since 1992. The total fertility rate (TFR) was 1.878 in 1992 (ABS 1997b), which is well 'below the level at which the replacement of the population is guaranteed' (AIHW 1997:70). The TFR fell to 1.778 in 1995 and then to 1.735 in 1998 (ABS 1998b).

In April 1997 there were an estimated 2.4 million families with children aged 0–17 years in Australia (ABS 1998c:9). Of these families, 1.9 million (or 79%) were couple families and the remaining 0.5 million (or 21%) were one-parent families. Of the estimated 4.6 million children at April 1997, the majority (3.77 million or 82%) lived in couple families; only a minority lived in one-parent families (0.85 million or 18%).

4.3 Family payments and tax expenditures

Assistance for families with dependent children is provided through both the family payments system and the tax system.

As at July 1999, a complex system of income support payments, income supplement payments and tax expenditures is provided to assist families with the costs of raising children. Family Allowance (which may include Guardian's Allowance, Large Family Supplement, Multiple Birth Allowance and Rent Assistance), Family Tax Payment, Maternity Allowance, Maternity Immunisation Allowance, Double Orphan Pension, and Parenting Payment are paid through Centrelink. Family Tax Assistance, the 'with child' spouse rebate and the sole parent rebate are paid through the Australian Taxation Office (see Box 4.1). It is important to note that any one family can receive one or more of these payments. For instance, a couple family with one income earner and a child under 5 years may be eligible for Family Allowance, Family Tax Assistance Parts A and B, the Parenting Payment and the 'with child' spouse rebate.

At 30 June 1998, there were almost 1.8 million families (or around 75% of all families) claiming Family Allowance for nearly 3.5 million children (Table 4.2). Just over half of the families receiving Family Allowance (51%) were receiving more than the minimum amount of the payment. Outlays on Family Allowance in 1997–98 were \$6.36 billion (Table 4.3).

Around 480,000 families (or 20% of all families) were receiving the Family Tax Payment Part A at 30 June 1998 and around 365,000 families were receiving Part B (Table 4.2);

Box 4.1: Family payments and tax expenditures

Family Allowance is paid to low- and middle-income families with 'dependent children' (that is, dependent children under 16 years of age and dependent secondary students under 18 not receiving Commonwealth assistance in their own right). Family Allowance is paid for each dependent child in the family. The payment is non-taxable but is means-tested on family income and assets. A higher rate of Family Allowance is paid for low-income families, while the minimum rate is paid for all other families with income levels below the means-tested income threshold (for instance, \$66,403 for families with one dependent child). Family Allowance may also include **Guardian Allowance**, which is a non-taxable income-tested payment for sole parents receiving more than the minimum rate of Family Allowance; **Multiple Birth Allowance**; **Large Family Supplement**; and **Rent Assistance** (see Chapter 5).

The **Double Orphan Pension** is paid for children under 16 years of age in the care and control of a guardian and for full-time dependent students aged between 16 and 21 years. A child is considered to be a 'double orphan' where both parents are dead; or one parent is dead and the other is unable to care for the child (for instance, because the parent is in prison); or, in certain circumstances, where the child is a refugee.

The **Family Tax Initiative** provides additional assistance to families with 'dependent children' through the tax system (Family Tax Assistance) or through cash payments (Family Tax Payment) for low-income families.

- Family Tax Assistance has two parts, A and B, both of which are subject to an income test. Family Tax Assistance Part A provides an increase in the taxpayer's tax-free threshold (for a sole parent or one parent in a couple family) for each dependent child in the family, where family income is below a set income level. Family Tax Assistance Part B is available in addition to Part A, but only for families (including one-parent families) where there is one main income earner and one dependent child under 5 years of age. Part B provides an additional increase in the taxpayer's tax-free threshold per family (not per child, as with Part A). To receive Family Tax Assistance Part B, the main income earner must satisfy an income test and, in couple families, the other parent must satisfy a separate income test.
- Family Tax Payment Parts A and B are equivalent to Family Tax Assistance Parts A and B but are paid through the income security system to families whose incomes are too low for them to benefit from assistance provided through the tax system. The payment is made to families with taxable incomes low enough for the family to qualify for more than the minimum rate of Family Allowance.

The **Parenting Payment** (which replaced the Sole Parent Pension and the Parenting Allowance in March 1998) provides a source of income for a sole parent or one parent in a couple family where the parent receives no income or a low income and is caring for one or more children under 16 years of age. Sole parents caring for a child aged 16 or older with a disability for whom they are receiving a Carer's Allowance are also eligible for the pay-

(continued)

Box 4.1 (continued): Family payments and tax expenditures

ment. The Parenting Payment for a parent in a couple family has two parts – the basic payment and the additional payment. The basic Parenting Payment is neither taxable nor assets-tested, but is income-tested on the income of the parent receiving the payment. The additional Parenting Payment is taxable, assets-tested and income-tested on the incomes of both parents. Where family income is low or the parent's partner receives a Centrelink income support payment, the parent receives the maximum rate of the Parenting Payment. A sole parent receives the single rate of the Parenting Payment, which is taxable, assets-tested and income-tested on the sole parent's income.

The **Maternity Allowance** is a lump-sum payment for each newborn or adopted child in the family. The payment is income-tested and assets-tested under the same eligibility criteria as Family Allowance. The **Maternity Immunisation Allowance** is a lump-sum payment made when a child (born on or after 1 January 1998) turns 18 months and has had the full immunisation appropriate for that age or has a valid exemption from immunisation.

A taxpayer with a dependent spouse and a dependent child under 16 years (or a dependent full-time student under 25) can claim the **dependent spouse rebate (with children)**. This tax rebate is income-tested against the income of the dependent spouse. The rebate itself is also reduced by any amount of Parenting Payment received by the spouse, except in cases where a taxpayer receives a Centrelink income support payment.

A taxpayer who has the sole care of a dependent child under 16 (or a dependent full-time student under 25) can claim the **sole parent rebate**.

Source: CCH 1998; FaCS 1998a; DSS 1998.

Table 4.2: Number of recipients of family assistance, 30 June 1998

Family assistance	Families	Children
Family Allowance	1,775,663	3,418,865
Greater than the minimum	909,223	1,799,427
Minimum	866,440	1,619,438
Family Tax Payment		
Part A	479,315	919,910
Part B	364,244	797,251
	Parents	
Parenting Payment—single	372,286	..
Male	25,546	..
Female	346,740	..
Parenting Payment—partnered		
Basic rate	409,181	..
Additional rate	236,550	..
Maternity Allowance ^(a)	218,124	..

(a) Maternity Allowance data are for 1997–98.

Source: FaCS 1998a; DSS 1998.

Table 4.3: Commonwealth expenditure on family assistance, 1997–98 (\$ million)

Family assistance payments	Outlays	Administration costs	Revenue forgone
Family Allowance	6,363.7	108.2	..
Family Tax Payment	558.7	17.6	..
Parenting Payment	5,231.7	181.0	..
Maternity Allowance	183.6	13.9	..
Tax expenditures			
Family Tax Assistance	..	..	223.0
Dependent spouse rebate with children	..	..	n.a.
Sole parent rebate	..	..	224.0

Source: DSS 1998; Treasury 1999a.

most of the families receiving Part B were also receiving Part A (FaCS 1998a:45). In 1997–98 outlays on the Family Tax Payment Parts A and B were \$558.7 million and revenue forgone from Family Tax Assistance Parts A and B was \$223 million (Table 4.3).

In addition to these family payments and tax expenditures, many of which are targeted at families where a parent has no or little earned income and is caring for a dependent child, the Commonwealth Government provides two payments mainly to assist parents with the cost of child care used while they are working, studying, training or looking for work (see Section 4.4). Both these payments (Childcare Assistance and the Childcare Rebate) are income-tested on family income. Childcare Assistance is paid through Centrelink to service providers on behalf of parents; the Childcare Rebate is paid to parents through the Health Insurance Commission. Information on the numbers of families receiving Childcare Assistance and the Childcare Rebate and expenditure on these two payments is contained in Section 4.4.

As part of the Commonwealth's new Tax Reform Package, from July 2000 the Government has simplified the complex system of assistance provided to families with children. At the same time, assistance will be increased¹ (particularly for families with one income earner and a child under 5 years) and work incentives will be improved by reducing the rate at which payments are withdrawn as income increases. Under the proposed new system of family assistance, the number of payments will be reduced to three.

- Family Allowance, Family Tax Payment Part A and Family Tax Assistance Part A will be merged into the 'Family Tax Benefit Part A', to assist families with the costs of raising children.
- Basic Parenting Payment, Guardian Allowance, Family Tax Payment Part B and Family Tax Assistance Part B, the dependent spouse rebate (with children) and the sole parent rebate will be merged into 'Family Tax Benefit Part B' to assist one-income families.
- Childcare Assistance and the Childcare Rebate will be merged into the 'Child Care Benefit', which will assist families with child care costs.

1 This includes compensation for the new Goods and Services Tax.

Family assistance will be administered by the new Family Assistance Office, which will be established in all existing Centrelink, the Australian Taxation Office and Medicare offices (ATO 1999a). Families will thus be able to deal with one office only, rather than with several, as at present. The 'primary carer' (generally the mother) will be able to choose whether to receive Family Tax Benefit assistance through payments, through a reduction in their own or their partner's fortnightly tax withholding payments or as a lump-sum tax payment at the end of the financial year (Treasury et al. 1999:10-13; Treasury 1999b:2). Arrangements for payment of the Child Care Benefit are outlined in Box 4.3.

4.4 Child care and preschool services

Introduction

The Commonwealth Government and State and Territory governments fund formal child care services, which provide care and developmental activities for children, generally between the ages of 0 and 12 years, whose parents need care for work-related and/or personal reasons, or for family support reasons (see Box 4.2). The Commonwealth's primary objective in funding child care services is to assist parents who require care for work-related reasons; that is, because both parents are (or the sole parent is) working, looking for work, studying or training (Hansard 1997:6481-2, cited in SCARC 1998:54).² Formal child care services are mainly provided by local government, non-government organisations and private-for-profit bodies. Informal child care is provided by relatives and friends and other individuals such as paid babysitters and nannies.

Preschool services are mainly funded by State and Territory governments and provide educational and developmental programs for children in the year or two before they begin full-time school (see Box 4.2). Traditional sessional preschools are generally operated by non-government organisations or are located within the school system. There is, however, an increasing trend towards the provision of preschool services within a long day care centre setting.

Major changes to Commonwealth funding of child care services have come into effect in the past two years (see *Australia's Welfare 1997*). These include:

- the withdrawal of the operational subsidy for community-based long day care centres from 1 July 1997;
- implementation of a National Planning System for all new long day care places from 27 April 1998;
- limiting of the payment of Childcare Assistance to 20 hours of care per week for non-work-related care, which came into effect on 27 April 1998;
- new funding arrangements for outside school hours care services, whereby Childcare Assistance for school-age children using long day care centres and family day care

2 Families needing 'work-related care' also include families where 'one parent is working and the other, because of a disability, is unable to have work-related commitments or care for their child or children' (SCARC 1998:54).

Box 4.2: Formal children's services – types and definitions

Long day care centres are facilities (purpose-built or modified to provide child care) in which staff provide care and developmental activities primarily for children under school age. These centres are generally open for at least 8 hours a day, 5 days a week, 48 weeks of the year.

Preschools or kindergartens offer educational and developmental programs for children in the year or two before they begin full-time school. Traditional preschools offer sessional programs during school terms only. Sessional programming generally involves a distinct group of children meeting for around three or four sessions per week, each session usually lasting about half the normal school day (2.5 to 3 hours). Preschool programs can also be provided in a long day care centre by a qualified early childhood teacher.

Family day care schemes are networks of individuals who provide care and developmental activities in their own homes for children aged 0–12 years. Family day care providers are recruited and supported by a central coordination unit, which administers the scheme.

Outside school hours care services offer care and developmental activities for primary school-aged children out of school hours. The main types of services provided are before school care, after school care, vacation care and care on 'pupil-free' days.

Occasional care services generally provide care and developmental activities for children under school age for short periods of time, to assist parents who need care for personal reasons such as attending adult education classes or medical appointments, going shopping, or simply for respite.

Multifunctional centres are located in rural areas and provide a number of different child care services for children aged 0–12 years from a single building. This range of services generally includes long day care, outside school hours care and mobile services.

Multifunctional Aboriginal children's services (MACS) are culturally specific children's services, which are provided to meet the particular needs of Aboriginal communities. They operate as long day care centres and provide other services such as playgroups, enrichment and nutrition programs, and services for mothers.

Mobile services provide child care, playgroups, older children's activities, toy and book library services, and parental support and advice for families living in rural and remote areas.

Source: AIHW 1997.

services, the outside school hours rate of Childcare Assistance, operational funding for outside school hours care services, and block grant funding for vacation care services were incorporated into a new income-tested Childcare Assistance for families with school-age children. These new funding arrangements came into effect on 27 April 1998, except in Tasmania, where service providers could choose to begin the new arrangements up to 29 May 1998.

An inquiry into the impact of the various Commonwealth child care policy changes on families, children and service providers was referred to the Senate Community Affairs References Committee in November 1997. The Committee was originally to report by 30 June 1998 but, for a number of reasons, one being the October 1998 federal election, it did not report until the end of the year. One of the issues identified by the Committee in its attempt to evaluate the effect of the child care policy changes was the lack of any data that were sufficiently recent to reflect these changes (SCARC 1998:139). The same problem has been experienced in compiling this chapter of *Australia's Welfare 1999*.

The following discussion of children's services therefore uses the somewhat limited data available (see discussion below) to examine the need for services, the provision and delivery of services, expenditure, the use of services and service outcomes (in terms of accessibility, affordability and quality) in the context of these policy changes.

Data sources and data development

The lack of national data in the children's services area has been well documented (Moyle et al. 1996; AIHW 1997). One of the recommendations of the Senate inquiry into child care funding is that 'a more coordinated approach to data collection' be adopted (SCARC 1998:vii). The Children's Services Data Working Group was set up as a subgroup of the National Community Services Information Management Group in April 1998 for this very purpose. The data group is composed of representatives of the relevant Commonwealth and State and Territory departments, the Institute and the Australian Bureau of Statistics (ABS). This group is currently working towards developing a minimum data set for children's services (child care and preschools) that would provide nationally consistent data. In conjunction with the Commonwealth Department of Family and Community Services (FaCS), the Institute has prepared a report examining data definitions and classifications in various children's services and other data collections to inform the development of a children's services national minimum data set (AIHW 1999).

Children's services data collections are many and varied. Two data collections, covering most of the child care service providers receiving funding through the Commonwealth's Childcare Program (CP), are administered by FaCS—the Child Care System and the Census of Child Care Services. The Child Care System is an administrative data collection containing information about agencies that receive payments from FaCS to provide CP-funded child care services.³ The Census of Child Care Services collects data from these agencies on the services provided, the children and parents using the services, and the workers involved in providing the services. Prior to 1998 the Census was conducted annually, although from 1993 onwards only a selection of the various types of services funded under the Program were covered in any given year. A special census of occasional care services funded under the neighbourhood model was conducted in May 1996 (Moyle et al. 1996). No census was conducted in 1998, but a complete census of all service types was undertaken in May 1999.

3 This includes all agencies receiving funding through the CP, including Childcare Assistance. An 'agency' is the organisation, body or enterprise that provides the service, except in the case of family day care, where the 'agency' is the family day care coordination unit (see Box 4.2).

The Health Insurance Commission obtains some information, through its administrative data collection, on families claiming the Childcare Rebate and the services they use.

States and Territories generally collect information about child care and preschool services that they provide, fund and/or licence. South Australia, however, conducts an annual census of all service providers in its jurisdiction.

The ABS collects information from parents on children using child care and preschool services throughout Australia. This information is obtained through the ABS triennial Child Care Survey, which is a supplement to the monthly labour force survey. The latest ABS Child Care Survey was conducted in June 1999.

As noted, in compiling this section on children's services, it has been difficult to obtain data that are sufficiently recent to reflect the important policy changes that have occurred in the past two years. While one of the main sources of data for this chapter – the CP administrative data – is available up to June 1998, the latest CP census data are for August 1997 for most service types and for August 1996 for the remainder. The latest ABS Child Care Survey data are for 1996 and these were presented in *Australia's Welfare 1997*. A complete picture of the impact of the various policy changes will not be available until the results of the 1999 CP Child Care Census and the 1999 ABS Child Care Survey are released in 2000.

Need for children's services

At 30 June 1998 in Australia there were an estimated 1.3 million children aged 0–4 years and another 2.1 million children aged 5–12 years (Table 4.1), representing the potential population for child care services. The potential population for preschool services (the population of children in the year prior to full-time school) was around 262,600.⁴

One of the main reasons why parents need child care is to participate in the labour force; that is, to undertake or look for paid employment.⁵ At June 1998, among families with a child under 5, almost half (49%) of the 821,100 couple families had both parents in the labour force and around a third (35%) of the 176,500 sole parents were in the labour force (ABS 1998d). A higher proportion of families had both parents (or the sole parent) in the labour force where the youngest child was 5 years of age or older. Where the youngest child was 5–9 years, for instance, both parents in 68% of couple families and 57% of sole parents were in the labour force.

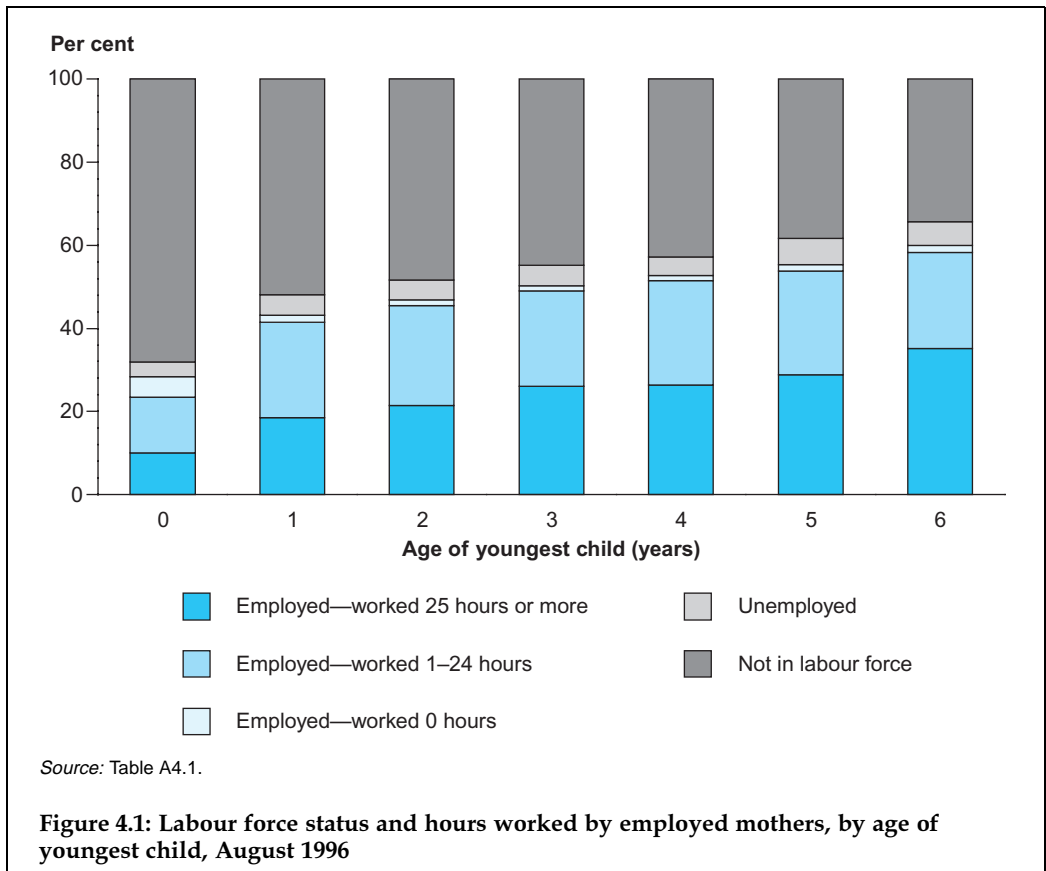
These findings reflect the increasing labour force participation of mothers according to the age of their youngest child. At June 1998, 48% of mothers with a child under 5 years were in the labour force, compared with 66% of mothers whose youngest child was 5–9 years and 73% of mothers whose youngest child was aged 10–14 years (ABS 1998d). Mothers in couple families were more likely to be in the labour force than female sole parents, regardless of the age of their youngest child. Among families with a child

4 This estimate is calculated using the estimated resident population at 30 June 1998 (ABS 1998a) classified according to the relevant preschool and school starting ages in the various jurisdictions (Table A4.4).

5 Parents may also need child care to participate in education and training; no national data are available on the total number of parents participating in education and training.

under 5, for instance, 51% of mothers in couple families were in the labour force compared with 35% of female sole parents.

The increase in mothers' labour force participation by age of youngest child is evident also when examining labour force participation by single year of age of youngest child. According to the 1996 ABS Census of Population and Housing, among mothers whose youngest child was under school age or in the first years of primary school, 32% with a child under 1 year were in the labour force compared with 52% whose youngest child was 2 years of age and 66% whose youngest child was 6 years of age (Figure 4.1, Table A4.1).



It is important to note that the potential need for child care is not equivalent to the demand for formal child care. The demand for formal child care is affected by a number of factors, including the cost of care and parental preferences for formal as against informal care (AIHW 1997:100).

The Senate Committee *Report on Child Care Funding* concluded that the decrease that has occurred since 1996 in the total number of children aged 0–4 years should be taken into account when examining the demand for child care (SCARC 1998:71). It is important to note, however, that even if the total number of children aged 0–4 years continues to fall

this will not necessarily result in a fall in the demand for child care. As pointed out in Chapter 3, changes in mothers' labour force participation 'are likely to have a more important impact on the demand for child care services than the underlying demographic trends themselves'.

Provision and delivery of child care services

The Commonwealth Childcare Program

The Commonwealth Childcare Program (CP), which is administered by the Department of Family and Community Services, provides funding for the majority of child care services in Australia. The Commonwealth Government provides most of the funding for the CP; State and Territory governments also contribute some funding to the Program under joint arrangements with the Commonwealth (AIHW 1997:101). Funding for neighbourhood model occasional care services is administered by the Commonwealth, States and Territories (Moyle et al. 1996:73).

Apart from long day care centres operated by private-for-profit bodies, only services run on a non-profit basis are eligible for Commonwealth funding. Under the Commonwealth Childcare Program, the different service types are funded as follows.

- Long day care centres are approved for the Commonwealth's Childcare Assistance payment, a subsidy that reduces the cost of care for low- and middle-income families. Community-based centres in rural and remote areas may also be eligible for the Commonwealth Disadvantaged Areas Subsidy.⁶ There is also a small amount of capital funding available for new centre-based places in some jurisdictions under the joint National Child Care Strategies (AIHW 1997:101).
- Family day care schemes receive an operational subsidy from the Commonwealth and are also approved for Childcare Assistance. The Commonwealth provides equipment, establishment and set-up grants for new family day care places.
- Outside school hours care services are approved for the school-age rate of Childcare Assistance. New outside school hours care services receive establishment funding for the first two years of operation. Equipment and set-up grants for new outside school hours care places are also provided by the Commonwealth. Following changes to outside school hours care funding arrangements, the Commonwealth is currently providing capital funding for restructures and upgrades and funding for financial and management advice. The Commonwealth also provides an ongoing Disadvantaged Areas Subsidy for eligible services operating in rural, remote and some urban fringe areas.
- Occasional care centres receive operational funding from the Commonwealth only, or from the Commonwealth and the State or Territory, and are approved for Childcare Assistance. Neighbourhood model occasional care services are funded jointly by the Commonwealth and the States and Territories through block grant arrangements.

6 'Community-based' centres operate on a non-profit basis, incorporate parents on their management committees and, prior to 1 July 1997, received an operational subsidy from the Commonwealth.

- Multifunctional services and multifunctional Aboriginal children's services receive operational funding from the Commonwealth and are approved for Childcare Assistance.

The Childcare Program also provides funding which covers all service types.

- A number of programs and services for children with additional needs are funded under the CP. The Supplementary Services Program (SUPS), for instance, provides funding to integrate children with additional needs into CP-funded services and the Special Needs Subsidy Scheme (SNSS) assists children with high support needs who are in child care.
- Under the Jobs, Education and Training (JET) scheme, parents dependent on specific Centrelink payments and allowances (including sole parents, widowed parents, carers and low-income partnered parents) wanting to enter or re-enter the workforce are assisted to find child care.
- The Commonwealth Childcare Rebate assists parents who use formal children's services (child care and preschool) and/or informal care for work-related reasons with the costs of care.

Parents needing care for their children for work-related reasons are given first priority to CP-funded child care places under CP priority of access guidelines (AIHW 1995:137). These guidelines apply to long day care services, outside school hours care services and multifunctional services.

It is important to note that, while funding or financial assistance is provided in terms of service type, there is an increasing trend for agencies to provide more than one type of service. For instance, a child care centre may provide a long day care service, a preschool service, an occasional care service, and an after school care service for younger primary school children.

Although the Commonwealth has a major role in funding child care services, it does not directly provide services. At June 1998 the Commonwealth did not sponsor any of the agencies funded by the Childcare Program to provide the different types of child care services (Table 4.4).⁷ In general State and Territory governments sponsored only a small proportion of agencies funded to provide services, although in South Australia the State Government is the sole sponsor of family day care services. Australia-wide, non-profit organisations played a major role in sponsoring occasional care/other services (72%), outside school hours care services (65%), community-based long day care centres (53%), and to a lesser extent family day care schemes (38%). Local governments had a major role in sponsoring family day care (42%) and community-based long day care centres (35%).

7 A 'sponsor' is the individual, organisation, body or enterprise which is responsible for the agency providing the service. Where services receive government funding, the sponsor signs the funding agreement and is accountable for the funds. The sponsor and the agency may be the same entity.

Table 4.4: Agencies providing CP-funded child care services, by type of sponsorship, 30 June 1998 (per cent)

Type of sponsorship	Long day care centres			Outside school hours care ^(c)	Occasional/ other care ^(d)
	Community-based	Private ^(a)	Family day care ^(b)		
Local government	35.2	0.5	41.5	12.7	17.4
Non-profit	52.9	6.0	38.0	64.8	72.1
Religious/charitable	11.7	1.5	17.2	13.6	5.0
Privately owned	—	90.9	—	0.6 ^(e)	—
State/Territory government	0.2	1.1	3.3	8.3	5.5
Commonwealth Government	—	—	—	—	—
Total	100	100	100	100	100
Total number of agencies	1,118	3,052	360	3,958	659

(a) Private-for-profit and employer-sponsored and other non-profit long day care centres.

(b) Family day care coordination units.

(c) For outside school hours care services, the 'sponsor' is counted for each service type rather than each agency. Note that one agency may provide more than one service type (before school care, after school care, vacation care).

(d) Includes occasional care centres and neighbourhood model services, multifunctional Aboriginal children's services (MACS) and other multifunctional services.

(e) At this time there were a small number of private-for-profit outside school hours care pilot programs (AIHW 1997).

Source: FaCS 1998b.

Other Commonwealth assistance

The Commonwealth Department of Immigration and Multicultural Affairs (DIMA) provides funding for child care to assist parents to participate in the Adult Migrant English Program (AMEP). Agencies contracted to deliver the AMEP must provide child care for parents with children under school age, if parents need child care in order to attend English classes. The child care may be provided on site or through mainstream services (DIMA, pers. comm.).

The Commonwealth Government provides indirect assistance through the taxation system. Employers are given a fringe benefits tax exemption for child care facilities located on their 'business premises' (see Box 4.3) and for contributions they make to reserve places for their employees' children in CP-funded long day care centres, family day care services and outside school hours care services. Goods used in long day care centres, family day care coordination units and outside school hours care services are exempt from wholesale sales tax, except in services sponsored by employers. From 1 July 2000, under the Goods and Services Tax, child care provided by registered service providers will be GST-free (the activities are not taxed and credit is allowed for tax paid on purchased goods).

State and Territory governments

As noted, State and Territory Governments sponsor a small proportion of child care services (Table 4.4). They also provide some funding for child care services. New South Wales and the Northern Territory provide an operational subsidy to long day care centres—New South Wales to most non-profit centres and the Northern Territory to all non-profit and private-for-profit centres. Many jurisdictions provide an operational subsidy to child care centres on TAFE college campuses. Most jurisdictions fund occasional care services and some fund vacation care services without any Common-

Box 4.3: Commonwealth child care initiatives 1997 to 1999

In September 1997 the then Minister for Family Services, the Hon. Judi Moylan, announced that children with a disability and their siblings would be exempt from the proviso to limit the payment of Childcare Assistance to 20 hours per week per child for non-work-related care.

The Commonwealth Child Care Advisory Council was established in March 1998, with part of its role being to undertake a review of child care charging practices and the Quality Improvement and Accreditation System.

In October 1998 the Federal Court ruled that Esso's child care centre, which was located in premises leased with two other companies, was exempt from fringe benefits tax. This was contrary to the Australian Taxation Office (ATO) ruling of December 1996 (TR96/27), that an employer had to have 'exclusive occupancy' of the 'business premises' in order to be exempt from fringe benefits tax (AIHW 1997:103). In February 1999 the ATO put out a formal notice of withdrawal of the TR96/27 ruling, with a statement that a new ruling would be prepared incorporating the October 1998 Federal Court decision (ATO pers. comm.). A draft tax ruling (TR99/D11) was put out for comment in August 1999, proposing that the 'business premises' requirement 'will be satisfied if the employer has a right of possession and control over the use of the premises, at least to the extent necessary to conduct the child care facility' (ATO 1999b).

Details of the new Child Care Benefit were announced in the 1999–2000 Federal Budget (note that the amounts are estimates only).

- *From 1 July 2000 Childcare Assistance and the Childcare Rebate will be merged into a new income-tested Child Care Benefit (CCB), payment of which will be administered by the new Family Assistance Office (FAO). Families using Commonwealth-approved child care services or registered informal carers will be eligible for the CCB.*
- *Families with incomes below \$28,200 will receive maximum assistance of around \$120 per week for 50 hours of care for one child not at school (\$2.40 per hour). Above the family income threshold of \$28,200, the CCB will taper down to a minimum rate of \$20.10 per week for 50 hours of care for one child not at school (\$0.40 per hour). The maximum CCB for a school child will be \$102 for 50 hours of care per week. The CCB for parents using informal care for work-related reasons will be \$20.10 per child for 50 hours of care per week (\$0.40 per hour).*
- *Families with more than one child in formal care will receive loaded rates of assistance, regardless of whether the children are in the same or in different types of formal child care services (for instance, a long day care centre and an outside school hours care service). Families who pay for less than 34 hours of care per child per week in a long day care centre will receive a 10% loaded rate of CCB.*
- *Families using services approved to receive CCB on their behalf can choose either to have their CCB paid directly to the service provider, or to receive CCB as a lump-sum payment at the end of the financial year from the FAO. Families using other child care services can claim CCB from the FAO either periodically in arrears or as a lump sum at the end of the financial year.*

Source: Moylan 1997; Smith 1997; DHFS 1998a; FaCS 1999a; ATO 1999a.

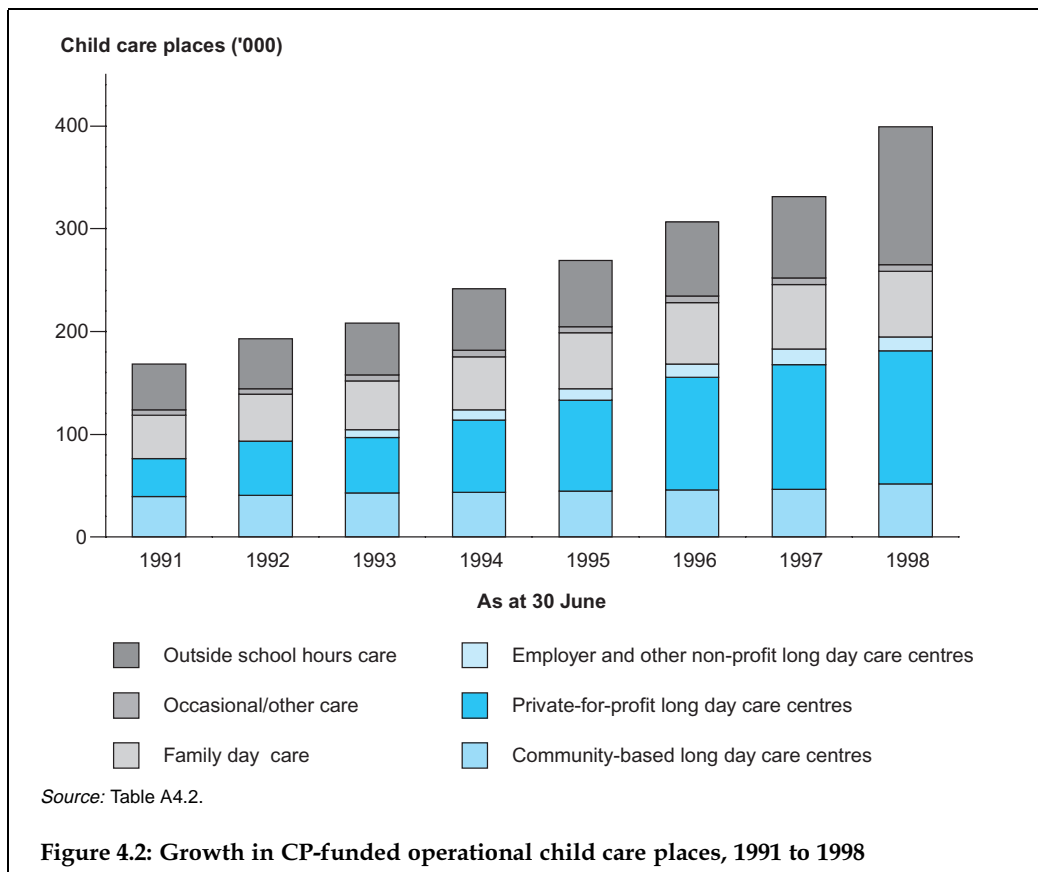
wealth involvement. Some of these jurisdictions also provide fee relief for parents using these services. State and Territory governments also fund special programs and services for children and parents with additional needs, such as services for Indigenous children or children with a disability.

The responsibility for licensing and regulating child care services and for implementing the national standards for centre-based long day care, family day care and outside school hours care rests with State and Territory governments.

Trends in the provision of CP-funded child care places

Between June 1991 and June 1998 the number of CP-funded operational child care places more than doubled, from 168,276 to 399,355 places (Figure 4.2, Table A4.2). In examining changes in the number of places over time, however, it is important to bear in mind two important changes in the database.

- Prior to 1998 vacation care places funded under block grant arrangements were not recorded in the CP administrative database. The large increase in outside school hours care places between June 1997 and June 1998 to a large extent reflects changes to the outside school hours care funding arrangements and subsequent changes to methods of recording such places.



- Between June 1996 and June 1998 around 5,600 places in community-managed centres that were formerly categorised as 'employer-sponsored and other non-profit' places⁸ were transferred to the 'community-based' category.

In relation to long day care centres, the enormous, relatively unplanned growth in the private-for-profit sector between 1991 and 1996 and the disparity in growth between this sector and the community-based sector has been well documented (AIHW 1997:105). From 1996 to 1998 the private-for-profit sector grew at a much slower rate than in previous years, with the number of places increasing by 18% over the period, compared with 55% over the preceding two years. Between June 1997 and June 1998 the number of places in private-for-profit centres grew by only 7%, or around 8,100, reflecting the implementation of the new planning system at 27 April 1998. The number of places in community-based centres grew by 15% between 1991 and 1996. However, if the places re-categorised as 'community-based' are excluded for reasons of comparability, the number of community-based places increased only marginally (by 1%) between 1996 and 1998, from 45,601 to 46,110 places. In contrast, the number of family day care places grew by 6% over the same period.

The considerable variations between the States and Territories in the distribution of CP-funded child care places by service type noted in June 1996 (AIHW 1997:107) were also apparent in June 1998 (Table 4.5). The majority of long day care centre places in the four largest States were in private-for-profit centres, but this was not the case in the other jurisdictions. The proportion of CP-funded long day care centre places which were in private-for-profit centres ranged from 29% in the Northern Territory to 82% in Queensland. As in 1996, in every State and Territory there were more long day care places in long day care centres than in family day care, but the ratio of long day care centre places to family day care places varied considerably, ranging from 1.3:1 in Tasmania to 4.7:1 in Queensland.

Table 4.5: Number of CP-funded places, by type of service and State and Territory, June 1998

Type of service	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust.
Long day care centres									
Community-based	17,572	12,997	8,095	4,012	5,004	1,747	1,299	984	51,710
Private-for-profit	40,043	26,808	45,118	10,612	4,408	577	1,587	518	129,671
Employer and other non-profit	4,439	3,881	1,784	701	716	304	1,043	305	13,173
Family day care	20,510	16,827	11,782	4,037	5,134	1,972	2,570	893	63,725
Outside school hours care	46,626	29,331	24,992	9,825	14,883	2,252	4,022	2,423	134,354
Occasional care	1,481	1,317	777	533	446	221	132	46	4,953
Multifunctional services	90	80	135	153	50	..	..	125	633
MACS	460	170	120	117	126	27	..	105	1,125
Total	131,221	91,411	92,803	29,990	30,767	7,100	10,653	5,399	399,344

Note: There were no CP-funded multifunctional children's services nor multifunctional Aboriginal children's services in the Australian Capital Territory and no CP-funded multifunctional children's services in Tasmania.

Source: FaCS 1998b.

8 Prior to 1997 places in community-managed long day care centres that did not receive an operational subsidy through the Childcare Program were included in the category 'employer-sponsored and other non-profit'.

Child care workers

As noted, the CP Census collects information about the child care workers in the various service types. These data are relatively consistent with the ABS data presented in Chapter 3. It should be noted, however, that the CP Census covers most child care workers (paid and unpaid), while the ABS data exclude both unpaid workers and family day care providers.

According to the CP Census, in August 1997 there were an estimated 42,986 workers in long day care centres; 15,755 workers in family day care services, most of whom (14,039 or 89%) were family day care providers; 8,085 workers in before/after school care services and 3,835 in vacation care services⁹ (Table 4.6). Another 3,885 persons were working in CP-funded occasional care/other services in August 1996. While the CP Census does not collect data on the sex of child care workers, ABS labour force data indicate that only a very small minority of child care workers are male (see Chapter 3).

Table 4.6: Employment status of child care workers in CP-funded services, by service type, 1996 or 1997 (per cent)

Type of service	Paid workers			All workers		
	Permanent/ contract	Casual	Total	Paid	Unpaid	Total
Long day care centres	73	27	100	93	7	42,986
Community-based	75	25	100	94	6	14,544
Private-for-profit	71	29	100	93	7	24,915
Employer and other non-profit	76	24	100	93	7	3,527
Family day care coordination unit staff	93	7	100	97	3	1,716
Family day care providers ^(a)	..	..	..	100	—	14,039
Before/after school care	38	62	100	94	6	8,085
Vacation care	29	71	100	92	8	3,835
Occasional/other care ^(b)	60	40	100	78	22	3,885

(a) Family day care providers are considered to be 'self-employed' (DHFS 1997a). Work status categorisation for family day care providers is 'regular' and 'relief', rather than 'permanent/contract' and 'casual'.

(b) Includes occasional care centres and neighbourhood model services, multifunctional Aboriginal children's services and other multifunctional services.

Notes

1. The 1997 CP Census covered long day care centres, family day care services and outside school hours care services. The most recent year for which data on occasional care and multifunctional services are available is 1996.
2. Double-counting may occur for workers in before/after school care and vacation care services.
3. Number of missing cases: private long day care centres = 6, multifunctional services = 6. Total workers includes missing cases. Percentages are calculated minus missing cases.
4. Estimates are derived from the CP Census. Due to non-response by some centres, figures are weighted estimates and are therefore subject to some error.

Source: AIHW analysis of FaCS 1998c, 1999b.

⁹ Many of the workers in before/after school care services would also work in vacation care services. The total number of child care workers is therefore not given to avoid double-counting.

In most service types, the majority of child care workers were paid workers; only a very small minority were unpaid workers, such as volunteers or parent helpers. All family day care providers were paid workers. In contrast, 22% of workers in occasional care/other services were unpaid. The proportion of paid workers employed on a casual basis varied among the service types. Around a quarter of paid workers in long day care centres were employed on a casual basis, compared with 7% in family day care coordination units. Only a very small proportion of family day care providers (0.3%) were 'relief' workers. In outside school hours care services, the proportion of paid workers employed on a casual basis was considerably higher than in long day care; 62% of paid workers in before/after school care services and 71% in vacation care services were casual employees.

The hours worked by child care workers in the census week varied markedly by service type, to some extent reflecting differences in operating hours (Table A4.3). Almost all workers (94%) in before/after school care services worked for less than 30 hours, with 77% working for less than 20 hours. In contrast, half or more of all workers in long day care services worked for 30 or more hours in the census week. Only a very small proportion of child care workers worked for 50 or more hours, except in family day care, where 33% of family day care providers worked for 50 or more hours.

Provision and delivery of preschool services

State and Territory governments fund preschool services for children in the year or two before they begin full-time school (Table A4.4). In Queensland and Western Australia, the first year of full-time school is Year 1, while the other States and Territories offer a full-time pre-Year 1 program. There have been some changes in provision of preschool services since the publication of *Australia's Welfare 1997*. For instance, in Western Australia all children in pre-Year 1 now attend for four full days per week. Western Australia is planning to move to a full-time pre-Year 1 and to change the school starting age to bring it into line with the other jurisdictions (apart from Queensland). Also in Western Australia, in 1998 the responsibility for providing all kindergarten places (the year prior to pre-Year 1) was handed over from the Department of Family and Children's Services to the Education Department.

Some State and Territory governments both fund and provide preschool services, while others fund other bodies, such as community groups and local governments, to provide preschool services. Where jurisdictions do provide preschool services, these services are often located within primary schools. State and Territory governments are responsible for ensuring the quality of preschool services, for instance, through licensing and regulation or through administrative mechanisms. Entitlement to preschool services varies considerably among the different jurisdictions. For instance, in South Australia all children are entitled to four terms of preschool before they enter full-time school, while New South Wales has no explicit policy regarding universal access to preschool.

Currently, Commonwealth funding for preschool services is limited to the supplementary funding provided for the preschool education of Aboriginal and Torres Strait Islander children through the Indigenous Education Strategic Initiatives Program and the recurrent funding provided to Queensland and Western Australia for children in pre-Year 1 (AIHW 1997:108).

No national data on the number of preschool places are available, because of the problems of comparability of data from the different jurisdictions. There are no nationally comparable data on staff working in preschools.

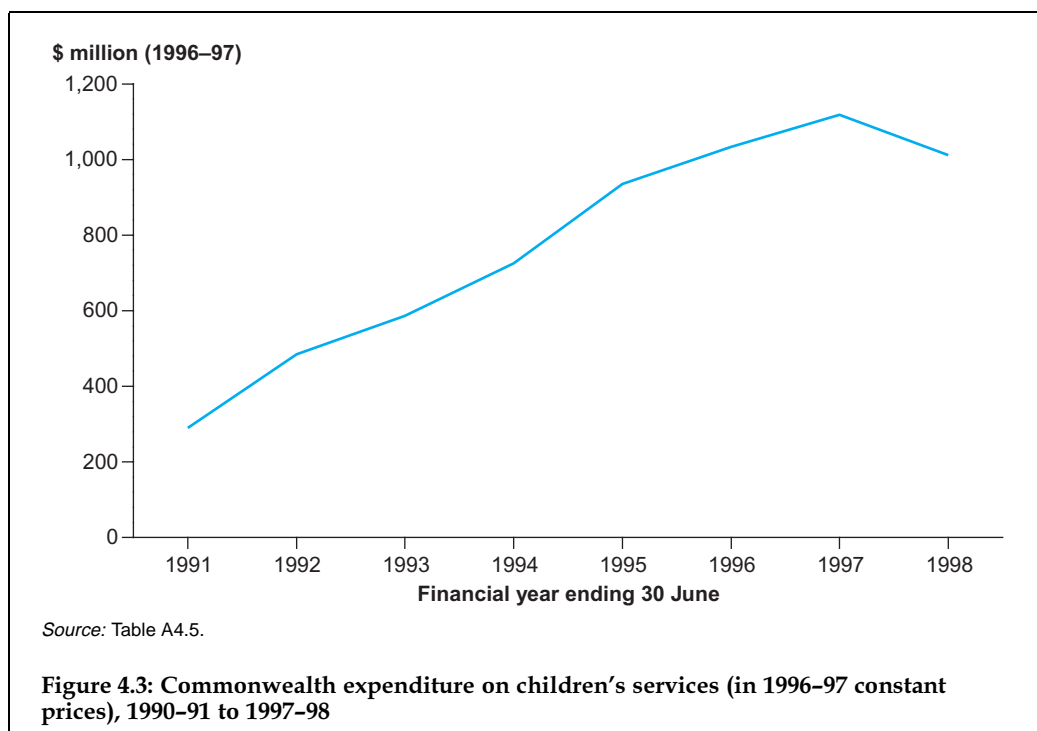
Linkages between preschool and child care services

The linkages between preschools and child care services described in *Australia's Welfare 1997* have continued to develop (AIHW 1997:109). In Victoria, for instance, by the end of 1997 long day care centres accounted for around 20% of the agencies funded to provide preschool services in that State (Naphthine 1997).

The CP Census shows that in 1997, 49% of CP-funded long day care centres ran an in-house preschool program and had a staff member with early childhood teaching qualifications or a three-year diploma or bachelor's degree in child care working in the centre in the census week (FaCS 1999b). This proportion varied considerably across jurisdictions, ranging from 63% in New South Wales to 10% in the Northern Territory. The high proportion of centres in New South Wales falling into this category is partly explained by the fact that under New South Wales licensing regulations centres with 30 or more places are required to employ a qualified preschool teacher (Moyle et al. 1996:102).

Government expenditure on child care and preschool services

Between 1990–91 and 1996–97 Commonwealth expenditure on children's services through the Childcare Program increased more than three-fold in real terms (1996–97 constant prices), from \$290.9 million to \$1,117.3 million (Figure 4.3, Table A4.5). The



large growth in expenditure was mainly due to eligibility for Childcare Assistance being extended, from January 1991, to users of long day care centres other than community-based centres, and the subsequent expansion of the private-for-profit sector.

From 1996–97 to 1997–98, however, total Commonwealth expenditure on children’s services fell by 10% (in constant prices) (Figure 4.3, Table A4.5), mainly because of the fall in expenditure on operational subsidies and on Childcare Assistance. The fall in expenditure on operational subsidies was due to the withdrawal of these subsidies from community-based long day care centres from 1 July 1997 and to the new outside school hours care funding arrangements, which came into effect from 27 April 1998. The fall in expenditure on Childcare Assistance probably reflects ‘changed patterns of demand and changed eligibility conditions’ (SCARC 1999:38), for instance, parents eligible for Childcare Assistance may have reduced the hours in which their children are in care.

In 1997–98 total Commonwealth expenditure on children’s services was \$1,025.8 million (in current prices), of which \$763.4 million went to Childcare Assistance and the Childcare Rebate, measures which reduce the costs of care for parents (Table 4.7). Expenditure on operational subsidies to assist service providers with running costs accounted for \$94.5 million, most of which went to family day care services

Table 4.7: Commonwealth expenditure on children’s services in current prices, by type of expenditure, 1990–91 to 1997–98 (\$m)

Type of expenditure	1990–91	1991–92	1992–93	1993–94	1994–95	1995–96	1996–97	1997–98
Childcare Assistance	143.1	289.5	384.0	497.4	592.1	657.0	710.5	640.3
Community-based long day care centres	64.8	99.4	113.4	127.6	131.8	129.3	135.1	119.1
Family day care	44.6	88.1	104.3	123.1	135.4	144.3	138.2	128.1
Private long day care centres ^(a)	28.2	94.3	158.0	235.7	310.9	369.4	422.6	369.3
Occasional care/outside school hours care	5.4	7.6	8.4	11.0	14.0	14.1	14.7	23.7
Operational subsidies	65.2	92.1	99.7	112.3	119.8	131.8	142.6	94.5
Capital ^(b)	5.7	10.1	5.6	4.2	4.2	10.8	13.3	13.9
Other children’s services ^(c)	30.9	45.0	50.1	54.8	61.9	57.9	57.4	76.5
Childcare Rebate	..	..	..	..	87.5	120.5	126.7	123.1
Childcare Assistance and Childcare Rebate administration ^(d)	..	..	..	5.8	13.4	14.0	41.3	50.9
Departmental running costs	11.8	14.0	16.3	17.3	20.2	21.6	25.5	26.7
Total expenditure on child care	256.6	450.6	555.7	691.9	899.2	1,013.6	1,117.3	1,025.8

(a) ‘Private’ long day care centres = private-for-profit centres and employer-sponsored and other non-profit centres.

(b) Includes capital loans and capital loans repayments after 1994.

(c) Includes services such as supplementary services, vacation care, and Jobs, Education and Training (JET) but excludes Family Services related expenditure.

(d) Data for 1997–98 include Centrelink Childcare Assistance administration expenditure. Data for 1996–97 include Childcare Assistance administration expenditure by the then DSS; DSS expenditure data for previous years are not available.

Source: DHHCS 1991, 1992; DHHLGCS 1993; DSHS 1994, 1995; DSS 1995, 1997; DHFS 1996, 1997b, 1998b; FaCS, unpublished data.

(\$55.8 million) and (up to 26 April 1998) to outside school hours care services (\$27 million). Capital grants and loans for new service providers and capital upgrades for existing service providers accounted for \$13.9 million. Of the remaining expenditure, \$76.5 million was spent on child care services—such as special services, supplementary services and financial assistance for service providers in the context of funding reforms—and \$77.6 million was administrative expenditure.

Trends in the composition of expenditure that were observed between 1990–91 and 1995–96 (AIHW 1997:111–12) continued to 1997–98. Between 1995–96 and 1997–98 the proportion of expenditure on operational subsidies and capital grants, loans and upgrades fell from 14% to 11%.

Similarly, trends observed between 1990–91 and 1995–96 (AIHW 1997:112) in the proportion of Childcare Assistance going to the various service types also continued in the following two years, except in the case of outside school hours care services. The proportion of Childcare Assistance going to private-for-profit and employer-sponsored and other non-profit long day care centres increased from 56% to 58% between 1995–96 and 1997–98. Over the same period the proportion going to community-based long day care centres fell from 20% to 19% and to family day care services from 22% to 20%. The proportion of Childcare Assistance expenditure on outside school hours care and occasional care services increased from 2% of expenditure in 1995–96 to 4% in 1997–98, reflecting the increase in expenditure on Childcare Assistance in outside school hours care services as a result of the new funding arrangements that came into effect from 27 April 1998.

Nationally comparable data on State and Territory expenditure on child care and preschool services are not available. Illustrative data reported in the *Report on Government Services 1999* demonstrate the need for nationally comparable data in this area (SCRCSSP 1999:891–2).

Use of children’s services

Between 1991 and 1994 the estimated number of children using CP-funded services grew by 51%, from 262,200 to 396,700 children (Table 4.8). No data on the total number of children using CP-funded services are available for 1995, 1996 and 1997, since the CP Census did not cover all funded services in these years.

Table 4.8: Children in CP-funded services, by type of service, 1991–97

Type of service	1991	1992	1993	1994	1995	1996	1997
Long day care centres	135,400	158,400	190,600	227,300	251,000	n.a.	294,700
Family day care	61,000	66,100	78,800	88,700	85,600	n.a.	85,000
Before/after school care	46,800	50,700	53,500	63,900	n.a.	96,400	99,500
Vacation care	..	..	..	..	n.a.	24,300	31,000
Occasional/other care ^(a)	19,000	26,500	20,900	16,800	n.a.	34,500	n.a.
Total children	262,200	301,700	343,800	396,700	n.a.	n.a.	n.a.

(a) Includes occasional care centres and neighbourhood model services, multifunctional Aboriginal children’s services, other multifunctional services, mobiles and toy libraries and Aboriginal playgroups.

Notes

1. These data measure occurrences of care and include some double counting where children attend more than one service (for instance, before/after school and vacation care).
2. Data for 1991–1994 are estimates based on previous years’ CP census data. Data for 1995–1997 are from the CP census conducted in August of each year and are weighted for non-response. However, not all service types were surveyed in each of these years.

Source: AIHW 1993; AIHW 1995; FaCS Commonwealth Child Care Census 1995, 1996 and 1997.

According to the CP Census, between 1994 and 1997 the number of children in CP-funded long day care centres increased by 30%, from 227,300 to 294,700 children, while the number of children in family day care fell by 4%, from 88,700 to 85,000 children. Over the same period the number of children in before/after school care increased by 56%, from 63,900 to 99,500 children.

Data from the ABS 1996 Child Care Survey, reported in *Australia's Welfare 1997*, show that in March 1996 there was a total of 624,400 children using child care and preschool services in Australia, with 177,700 children using long day care centres and 200,600 using preschools (ABS 1997c; AIHW 1997:114).

In 1996 and 1997 the distribution of children in CP-funded services across the various service types in the States and Territories reflected to a great extent the provision of places. At August 1997, for instance, 51% of the children in long day care services (long day care centres and family day care) were in private-for-profit centres (Table A4.6).

The number of children using services was greater than the number of places, indicating that some children use these services part-time. While long day care centres, for instance, are required as a condition of CP funding to operate for at least 40 hours per week, at August 1997 only 24% of children in long day care centres were booked in for 40 or more hours of care in the census week (Table 4.9). Not all these children, however, were attending the service in the census week, since the number of children recorded as using CP-funded services also includes children who were absent—for example, because they were sick—but for whom a place was booked and paid for.

It is important to note that the hours that children are booked into care are not necessarily equivalent to the actual hours they spend in care. Generally, parents are required to book into a service for a given period—for instance, half a day or a day—and pay for that period, although the child may not attend for the entire period.¹⁰ 'Booked hours' of care are thus usually greater than 'actual hours' of attendance. In August 1997 the

Table 4.9: Children in CP-funded long day care centres: hours booked into centres during the census week, by service type, 1997 (per cent)

Long day care centres	Hours per week						Total children
	<10	10–<20	20–<30	30–<40	40–<50	50+	
Community-based	7	24	26	17	7	19	82,802
Private-for-profit	9	25	28	16	6	17	193,014
Employer and other non-profit	12	25	22	16	9	16	18,886
Total	8	25	27	16	7	17	294,702

Notes

1. Number of missing cases: community-based long day care centres = 4, private-for-profit long day care centres = 59. Total includes missing cases. Percentages are calculated minus missing cases.
2. Estimates are derived from the CP Census. Due to non-response by some centres, figures are weighted estimates and are therefore subject to some error.

Source: AIHW analysis of FaCS 1999b.

¹⁰ Childcare Assistance is paid on the basis of the hours that children are booked into care, rather than actual hours of attendance.

proportion of children booked into long day care centres for 40 or more hours (24%) was greater than the proportion of children actually attending long day care centres for 40 or more hours in the census week (14%).

A review of child care charging practices in long day care centres was recently undertaken by the Commonwealth's Child Care Advisory Council. The Council has informed the Minister for Family and Community Services that it does not recommend changes to funding and charging practices at present but that the matter should be re-examined when information from the Council's work on child care regulations is available¹¹ and the new Child Care Benefit has been introduced.

The age distribution of children using the different types of CP-funded services varied, some of the variation reflecting the purpose for which each service is provided (Table 4.10). Although long day care services are set up primarily to care for children under school age, a small proportion of children in long day care centres (for instance, 5% in private-for-profit centres) and a relatively large proportion of children in family day care services (22%) were 6 years of age or more and thus using these services for outside school hours care. Information collected on whether children in long day care services attended school indicates that 10% of children aged 5 years in long day care centres and 37% of children aged 5 years in family day care were at school.

Table 4.10: Ages of children in CP-funded child care services, by type of service, 1996 or 1997 (per cent)

Type of service	Age of children (years)						Total	Total number of children
	Under 1	1	2	3-4	5	6 and older		
Long day care centres								
Community-based	3	14	23	52	7	1	100	82,802
Private-for-profit	2	9	19	54	10	5	100	193,014
Employer and other non-profit	4	15	22	51	7	1	100	18,886
Family day care	5	15	18	31	8	22	100	84,971
Before/after school care	—	—	—	1	10	89	100	99,518
Vacation care	—	—	—	1	10	89	100	30,972
Occasional/other care ^(a)	4	15	29	49	3	1	100	29,323

(a) Includes occasional care centres and neighbourhood model services, multifunctional Aboriginal children's services, and other multifunctional services.

Notes

1. The 1997 CP Census covered long day care centres, family day care services and outside school hours care services. The most recent year for which data on occasional care and multifunctional services are available is 1996.
2. Double-counting may occur for children in before/after school care and vacation care services.
3. Number of missing cases: community-based long day care centres = 3, private-for-profit long day care centres = 25, employer-sponsored and other non-profit long day care centres = 1, before/after school care = 95, vacation care = 46, neighbourhood model occasional care = 1. Total includes missing cases. Percentages are calculated minus missing cases.
4. Estimates are derived from the CP Census. Due to non-response by some centres, figures are weighted estimates and are therefore subject to some error.

Source: AIHW analysis of FaCS 1998c, 1999b.

11 The Minister for Family and Community Services has asked the Council to examine and report on State and Territory child care regulations. This work should be completed by December 1999.

Among service types targeted at children under school age, only a very small proportion of children in care were 'babies' (under 1 year of age); for instance, only 4% of children in occasional care were under 1 year of age. In the case of long day care services, the proportion of 'young children' (under 2 years) was lower in private-for-profit centres (11%) than in other long day care service types (for instance, 20% in family day care services).

Consistent with the CP priority of access guidelines, the majority of children in CP-funded long day care services, outside school hours care services and multifunctional services were in care for work-related reasons; that is, both parents (or a sole parent) were in the labour force or studying/training for work (Table 4.11). The proportion was highest in before/after school care services (96%) and lowest in private-for-profit long day care centres (79%). It is interesting to note that the proportion of children in private-for-profit centres who were in work-related care increased substantially between 1995 and 1997, from 69% to 79%.¹²

The proportion of children in work-related care in the different service types varied across jurisdictions. The proportion was higher than average for most service types in the Australian Capital Territory and the Northern Territory. For instance, of children in

Table 4.11: Children in CP-funded child care services for work-related reasons, by type of service and State and Territory 1996 or 1997 (per cent)

Type of service	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust.
Long day care centres									
Community-based	86	89	81	84	86	84	92	92	86
Private-for-profit	77	88	76	82	86	78	95	90	79
Employer and other non-profit	88	89	80	82	90	82	93	87	87
Family day care	94	91	96	89	78	84	99	97	91
Before/after school care	97	96	97	97	96	87	97	97	96
Vacation care	88	87	95	89	92	91	99	99	91
Occasional/ other care ^(a)	42	24	36	45	24	46	45	68	33

(a) Includes occasional care centres and neighbourhood model services, multifunctional Aboriginal children's services, and other multifunctional services.

Notes

1. The 1997 CP Census covered long day care centres, family day care services and outside school hours care services. The most recent year for which data on occasional care and multifunctional services are available is 1996.
2. Double-counting may occur for children at before/after school care and vacation care services.
3. Number of missing cases: community-based long day care centres = 3, private-for-profit long day care centres = 25, employer-sponsored and other non-profit long day care centres = 1, before/after school care = 95, vacation care = 46, neighbourhood model occasional care = 1. Percentages are calculated minus missing cases.
5. The total number of children in each service type in each State and Territory can be found in Table A4.7.
6. Estimates are derived from the CP Census. Due to non-response by some centres, figures are weighted estimates and are therefore subject to some error.

Source: AIHW analysis of FaCS 1998c, 1999b.

¹² Since the 1995 CP Census data are unweighted, they cannot be compared with the data presented in Table 4.11. However, the weighted and unweighted data for 1997 produce the same results; that is, 79% of children in private-for-profit centres were in care for work-related reasons.

private-for-profit centres, 95% in the Australian Capital Territory and 90% in the Northern Territory were in care for work-related reasons compared with 79% Australia-wide. In South Australia the proportion of children in family day care who were in care for work-related reasons (78%) was substantially lower than the national average (91%).

In 1998, there were around 257,000 children enrolled in State- and Territory-funded preschool services Australia-wide (SCRCSSP 1999:921–51).¹³ In some jurisdictions (such as New South Wales and Western Australia) these enrolments include children who are two years younger than the age for beginning full-time school. Some of the children attending sessional preschools were also in long day care centres or family day care. According to the 1997 CP Census, staff in 16% (or 642) of the 4,018 long day care centres and 22% of family day care providers took children out to a local preschool during the census week (FaCS 1999b). The proportions varied considerably across jurisdictions, being lowest for both service types in New South Wales (less than 1% of centres and 9% of family day care providers) and highest in the Northern Territory (67% of centres and 38% of family day care providers).

No recent data are available on the use of informal child care as compared with formal child care services. Data from the 1996 ABS Child Care Survey on the characteristics of children and parents using preschool services and those of children and parents using informal care were presented in *Australia's Welfare 1997* (AIHW 1997:112–16). As noted previously, the latest ABS triennial Child Care Survey was conducted in June 1999 and the results will be released in 2000.

Outcomes

The aims and objectives of Commonwealth and State and Territory children's services programs are to provide services that are accessible, affordable and of high quality and that support parents in their child-rearing and other activities. The Commonwealth Government's primary objective is to provide child care for children whose parents need this care for 'work-related' reasons. As a condition of funding and/or licensing, the services provided must promote and enhance children's emotional, intellectual, social and physical development.

The long-term effects of child care on children have been the subject of considerable research and debate and are not discussed here in any detail. An overview of 40 years of research on this subject can be found in Ochilree (1994). In a preliminary report from a major US longitudinal survey, released in 1998, researchers concluded that 'the observed effects of child care were generally modest in size, but not insignificant' (NICHD 1998:21). Higher quality care, for instance, was found to be related to higher levels of language ability and of readiness for school.

This section thus focuses on service outcomes rather than client outcomes. Service outcomes are discussed in terms of accessibility, affordability and quality; the question of the impact of the recent Commonwealth policy changes in each of these areas is considered in the discussion that follows.

¹³ This number includes children in Victoria who were in State-funded preschool programs in long day care centres. There is also some double-counting of children enrolled in preschool in the Northern Territory.

Accessibility

Unmet demand for children's services

One important measure of the accessibility of child care and preschool services is the level of unmet demand for such services. *Australia's Welfare 1997* reported data from the 1996 ABS Child Care Survey on the number of children under 12 years of age for whom parents stated that they needed to use either some formal child care or additional formal child care, but the service was not available to them (AIHW 1997:118). In 1996 the main reasons given for lack of availability of care were that there was no care in the local area or that there were no vacant places in existing centres. For a minority (16%) of children, however, parents said that the care available was too expensive (ABS 1997c:8). Given concerns about the current level of the supply of child care and the affordability of care (see following discussion), it will be important to examine the 1999 ABS Child Care Survey data on this topic when they become available.

Accessibility of child care services for parents in the labour force

The then Department of Health and Family Services (DHFS) estimated that at June 1998 Australia-wide there were 113 CP-funded long day care places for every 100 children under school age needing care for 'work-related' reasons (DHFS 1998b:139), indicating an oversupply of child care places nationally. There were, however, major differences in supply by geographic area, with 86 places per 100 children in rural areas and 66 places per 100 in remote areas (DHFS 1998b:140).

The Department estimated that at June 1998, there were almost as many CP-funded before/after school care places as the number of school-age children needing care for work-related reasons (97.5 per 100). The number of CP-funded vacation care places per head of school-age children needing vacation care for work-related reasons was estimated to be considerably lower. In total, there were 73 outside school hours care places (before school, after school and vacation care) for every 100 school-age children estimated as needing work-related care (DHFS 1998b:139).

It is important to note, however, that although these estimates are referred to as 'met demand' or 'unmet demand' they are in fact estimates of 'need' rather than 'demand'. The Department's estimates of the number of children needing 'work-related' care take into account factors such as 'full-time and part-time labour force participation, the preference for formal/informal care and parents' preferences for different service types' (DHFS 1998b:140) but do not take into account the impact of 'cost' on parents' demand for care. The Department has noted that the impacts of affordability and the costs of child care are very complex and difficult to measure, particularly at finer geographic levels.

Data from the 1997 CP Census provide some indication of the relationship between the supply of and demand for places in long day care centres at that time. At August 1997, 86% of long day care centres had vacancies, with 51% of all centres having both full-time and part-time vacancies, 24% having only part-time vacancies and 11% having only full-time vacancies (Table 4.12). The proportion of long day care centres with vacancies varied considerably across jurisdictions. Over 90% of centres had vacancies in every jurisdiction except the Northern Territory (78%) and New South Wales (75%). No recent national data on vacancies are available.

Table 4.12: Percentage of long day care centres with vacant places, full-time and part-time, by State and Territory, 1997

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust.
Vacancies	75	92	93	96	97	96	92	78	86
Full-time and part-time	33	57	65	69	72	57	51	41	51
Full-time only	12	12	10	9	11	2	8	10	11
Part-time only	30	22	17	18	13	37	34	28	24
No vacancies	25	8	7	4	3	4	8	23	14
Number of centres	1,565	874	867	356	186	54	77	39	4,018

Note: Estimates are derived from the CP Census. Due to non-response by some centres, figures are weighted estimates and are therefore subject to some error.

Source: AIHW analysis of FaCS 1998c, 1999b.

The Department of Family and Community Services has noted that between 1995 and 1997, the relationship between the demand for long day care and the supply of places changed, resulting in falling utilisation rates in a number of long day care centres (FaCS 1999c:6). Average utilisation rates in long day care centres—'measured by total child hours paid for as a percentage of total capacity'—fell from around 90% to around 80% over the period.

Accessibility of preschools

The proportion of the target population (the population of children in the year prior to full-time school) attending State- and Territory- funded preschools was 80% or over, except in New South Wales, where only 51% of the target population were enrolled in traditional sessional preschools (SCRCSSP 1999:921-51). As noted, since almost two-thirds of long day care centres in New South Wales have an in-house preschool program run by a qualified teacher, a substantial number of children of preschool age would access a preschool program in a long day care centre rather than in a sessional preschool.

Child care programs and services for parents and children with additional needs

As noted, special child care programs and services for parents and children with additional needs are funded by the Commonwealth through the Childcare Program, and by State and Territory governments. Parents and children with additional needs are also given priority of access to CP-funded child care services (AIHW 1995:137).

Some indication of the level of access to child care services of parents and children with additional needs can be obtained by comparing their representation in CP-funded services with their representation in the total population (AIHW 1995:143). It is important to note, however, that these data do not include all children with additional needs who are using children's services, since they do not cover State/Territory-only funded services.

Children in one-parent families were more likely to use CP-funded long day care services and before/after school care services than children in couple families. While 16% of children aged 0-4 years and 19% of children aged 5-11 years were estimated as living in one-parent families in 1997 (ABS 1999a:22), the 1997 CP Census showed that 20% of children in long day care centres 27% in family day care, and 22% in before/after school care services were the children of sole parents (FaCS 1999b). These findings

are not surprising, given that sole parents generally have a greater need for child care than families where there is a co-resident parent available to care for children.

Children with a disability were less likely to use most CP-funded child care services than other children (Table 4.13). The ABS estimated that, in 1998, 4% of children under 5 years and 9% aged 5–14 years had a disability (ABS 1999b:14). In comparison, less than 3% of children in CP-funded services were reported as having a disability, except in multifunctional Aboriginal services, where almost 5% of children were reported as having a disability.¹⁴ Less than 1% of children in all CP-funded services had a parent with a disability. There are, however, no published population data available on the incidence of this group of children in the total population.

In the CP Census 'non-English-speaking background' was defined as 'culturally diverse background including those with a parent born overseas in a country where the first language is not English'. According to this definition, the proportion of children in CP-

Table 4.13: Children with additional needs using CP-funded services, by type of service, 1996 or 1997 (per cent)

Type of service	Type of additional need					Total children attending
	Child with disability	Parent with disability	Child at risk of abuse and neglect	Aboriginal or Torres Strait Islander	Non-English-speaking background	
Long day care centre	1.8	0.8	0.4	1.3	12.6	294,702
Family day care	2.9	0.4	0.4	1.0	7.3	84,971
Before/after school care	1.9	0.2	0.1	0.9	11.0	99,518
Vacation care	2.3	0.2	0.2	1.1	7.0	30,972
Occasional care centres	2.0	0.8	0.8	1.2	7.3	11,238
Neighbourhood model occasional care	2.2	0.5	0.4	2.1	6.2	15,350
Multifunctional children's services	2.5	0.1	0.4	7.1	1.4	1,020
MACS	4.8	0.8	1.5	78.0	1.5	1,715
Total	2.0	0.6	0.3	1.5	10.8	539,486

Notes

1. Some children may be included in more than one additional needs category.
2. Percentages do not add to 100% because children without additional needs are not included.
3. The 1997 CP Census covered long day care centres, family day care services, and outside school hours care services. The most recent year for which data on occasional care and multifunctional services are available is 1996.
4. Double counting may occur for children in before/after school care and vacation care services.
5. Number of missing cases: long day care = 30, before/after school care = 170, occasional care = 4, neighbourhood model occasional care = 2.
6. Estimates are derived from the CP census. Due to non-response by some centres, figures are weighted estimates and are therefore subject to some error.

Source: AIHW analysis of FaCS 1998c, 1999b.

14 The ABS definition of 'disability' is not the same as the definition of 'disability' used in the CP Census. For a discussion of this see AIHW 1999.

funded services reported as coming from a non-English-speaking background ranged from under 2% in multifunctional services and multifunctional Aboriginal services to almost 13% in long day care centres (Table 4.13). There are significant concerns, however, about whether service providers are able to identify these children accurately (AIHW 1999). No population data are available to classify the national population according to the CP Census definition.

Indigenous children were less likely than other children to use CP-funded services, except for multifunctional Aboriginal children's services, which are specifically for Indigenous people and, to a much lesser extent, multifunctional services that operate in rural and remote areas (Table 4.13). It is estimated that Indigenous children comprised 4% of the total population of children aged 0–12 years at June 1997 (ABS 1997d). However, they accounted for 2% or less of children in CP-funded services, except in MACS and multifunctional services, where they accounted for 78% and 7% of children respectively. The accuracy of the identification of Indigenous children by service providers is also an issue (AIHW 1999).

Only a very small proportion (less than 2%) of children in CP-funded services were referred to these services because they were assessed as being at risk of abuse and neglect. No population data are available on the number of children who fall into this category (see Chapter 8).

Affordability

Factors affecting the affordability of child care

As noted by the Senate Inquiry into Child Care Funding, the 'affordability of child care for families depends on the fees charged ... and the capacity of families to pay' (SCARC 1998:86). The fees charged by service providers reflect their underlying cost structures; families' capacity to pay for child care depends on their income and associated eligibility for Commonwealth Government fee subsidies (Childcare Assistance and the Childcare Rebate), the number of children in care and the time children spend in care.

As a consequence of the funding changes that have occurred in the past two years, most community-based long day care centres and outside school hours care services no longer receive operational subsidies from the Childcare Program and are funded on an ongoing basis solely through Childcare Assistance subsidies to parents. While such reforms clearly have an impact on service providers' cost structures and affect the level of fees charged, it is important to note that there are a number of other factors that influence fee structures. As the then Department of Health and Family Services noted in its submission to the Senate Inquiry, factors such as movements in child care workers' award wages, changes to licensing regulations and increases in overheads, such as insurance, utilities and rates, also impact on the level of fees charged (DHFS 1998c:20).

Commonwealth Government fee subsidies

The purpose of Commonwealth Government fee subsidies (Childcare Assistance and the Childcare Rebate) is to make child care more affordable for families. Eligibility for Childcare Assistance is assessed by Centrelink, with eligible families paying reduced fees to approved child care service providers and the Department of Family and Community Services reimbursing providers. There are two rates of Childcare Assistance: a rate for children under school age and a slightly lower rate for children at

school.¹⁵ The Childcare Rebate is administered by the Health Insurance Commission and paid to parents through Medicare offices on receipt of claims for child care expenses.

At 1 July 1999 Childcare Assistance for one child not at school is provided at the maximum rate of 82.5% of a set 'ceiling fee' of \$117 for 50 hours of care a week, or \$2.34 an hour. For children at school, Childcare Assistance for one child is provided at the maximum rate of 82.5% of a set 'ceiling fee' of \$99.50 for 50 hours of care a week, or \$1.99 an hour. Higher rates apply where a family has more than one child in care. Families with one child in full-time long day care, for instance, who are eligible for maximum Childcare Assistance pay a minimum fee of \$20.50 (the ceiling fee less 82.48%) plus the 'gap fee' (the difference between the 'ceiling fee' and the fee charged by the service provider). Families eligible for partial Childcare Assistance pay the difference between fees charged and the level of assistance.¹⁶ Families whose child care fees are reduced by Childcare Assistance and who have children in work-related care may then claim the Childcare Rebate for the amount that they pay for child care.

Families eligible for the Childcare Rebate for one child in care pay the first \$20.50 of their weekly child care costs but can receive a rebate of 30% of the remainder, up to \$28.95 a week, where family income is \$70,000 or less. Where family income is above this level, families with one child in care are eligible for a rebate of 20% of child care costs, up to a maximum rebate of \$19.30. The equivalent rebates for two or more children in care are \$64.05 and \$42.70. The rebate is paid on the basis of the amount spent on child care regardless of the hours of care used.

According to the CP Census, at August 1997, 77% (or 239,000) of the 310,500 families with children in long day care were receiving Childcare Assistance, with 60% of families in receipt of the payment receiving the full rate (FaCS 1999c:11). A slightly lower proportion of families with children in community-based long day care centres received Childcare Assistance (73%) than families with children in other centres (78%) or in family day care (79%) (FaCS, unpublished data). In July 1999 it was reported that almost 94,000 families had applied for Childcare Assistance for outside school hours care (FaCS 1999c:11).

The number of families claiming the Childcare Rebate increased by 9% between 1995-96 and 1996-97, from 258,092 to 281,138 families, but then fell by 4% in 1997-98 to 270,353 families. The vast majority of families (94%, or 254,098) who claimed the Childcare Rebate in 1997-98 were claiming for the expenses incurred in using formal services only. A small minority claimed the Rebate for expenses incurred in using informal care only (7,020 or 3%) or for using both formal services and informal care (9,235 or 3%) (HIC pers. comm.).

15 The lower rate of Childcare Assistance applies for children at school who are cared for in outside school hours care services and in other types of services, such as long day care.

16 The income threshold for maximum Childcare Assistance is \$528 per week. Families are eligible for partial Childcare Assistance up to an annual income cut-off of \$66,403 for one child in care, \$77,857 for two children in care, and \$95,039 for three or more children in care. These parameters are the same for children not at school and children at school.

Details of the new Child Care Benefit (CCB), which will replace Childcare Assistance and the Childcare Rebate are contained in Box 4.3. As noted, it is estimated that the maximum rate of assistance for the new CCB will be \$120 a week, an increase of \$7.50 a week for low-income families paying the average fees for one child not at school using centre-based care. The new payment will be less complex to calculate than the previous payments, since it replaces the 'ceiling fee' and 'minimum fee' with a 'maximum' rate of payment. The CCB may, however, provide fewer benefits for parents using informal care, since it will be paid on the basis of the hours of care, not on the total cost of care (as with the Childcare Rebate).

Fees for child care services

The Senate Committee noted that many of the people and organisations that provided submissions to the inquiry reported concerns about a decline in the affordability of child care services because of fee increases without corresponding increases in government assistance (SCARC 1998:86).

At December 1998 average weekly fees were \$169 for community-based centres, \$162 for other long day care centres and \$134 for family day care services. A family eligible for maximum Childcare Assistance and Childcare Rebate who had one child not at school and using a 'private' long day care centre full-time would have received a fee subsidy of \$109.60 (\$95.50 for Childcare Assistance and \$14.10 for the Childcare Rebate) and paid \$52.40 in child care expenses. A similar family with one child using family day care full-time would have received \$101.20 in fee subsidies (\$95.50 for Childcare Assistance and \$5.70 for the Childcare Rebate) and paid \$32.80 in child care expenses.

Average weekly full-time fees varied considerably between the States and Territories. Within each jurisdiction, community-based centres charged the highest fees, except in the Australian Capital Territory, and family day care service providers the lowest.

The CP census shows that, in August 1997, average sessional fees for before school care were \$3.88 and for after school care \$5.90; an average session for before school care was around 1 hour 50 minutes and for after school care around 3 hours. Average weekly fees for vacation care services directly funded through the CP were \$69 per week, but this ranged from \$60 per week in New South Wales to \$99 per week in the Australian Capital Territory (FaCS 1999b). No recent data on outside school hours care fees are available.

Table 4.14: Average full-time weekly fees for CP-funded long day care services, by type of service and State and Territory, December 1998 (\$)

Type of service	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust.
Long day care centres									
Community	176	166	156	165	169	175	174	153	169
Private	167	159	155	157	164	171	179	150	162
Family day care	145	127	123	146	128	155	160	133	134

Notes

1. Community = community-based long day care centres; Private = private-for-profit and employer-sponsored and other non-profit long day care centres.
2. Data for family day care services are for 50 hours of care per week.

Source: FaCS 1998b.

Impact of Commonwealth Government fee subsidies

Australia's Welfare 1997 examined the extent to which Commonwealth fee subsidies assisted different family types at different income levels with the cost of child care at a point in time (April 1997) (AIHW 1997:125). The cost of child care to parents is the difference between the fee charged and Commonwealth assistance. More recent data on the topic are examined here.

Child care costs and the level of Commonwealth Government assistance for a number of different types of families with one child under 5 using long day care services for 40 hours a week at December 1998 are shown in Table A4.7. The progressive nature of government assistance to families is readily apparent: child care costs are reduced more for low-income families than for high-income families. Of families using 'private' long day care centres, for instance, child care fees for a sole parent on Parenting Payment who was studying were 45% of disposable income, but costs were reduced to 15% of disposable income after government assistance. In contrast, child care fees for a two-income couple on 2.5 AWE (Average Weekly Earnings) accounted for 12% of disposable income and costs were reduced to 10% after government assistance. Out-of-pocket expenses were slightly higher for parents using community-based centres, but considerably lower for parents using family day care, reflecting relative fees.

Affordability of preschool services

National data on preschool fees are not available on a comprehensive or comparable basis. The costs of preschool services offered in the different States and Territories vary considerably; costs may also vary within a jurisdiction depending on the way in which the service is delivered. In 1998, for instance, in Queensland the average fee for community-based preschools and kindergartens was \$1.75 per hour, while no fees were charged for government preschools (SCRCSSP 1999:930).

Many States and Territories provide fee relief for preschools and for child care services not approved for Childcare Assistance. The Victorian Department of Human Services, for instance, provides additional funding for preschool service providers (other than long day care centres) to reduce fees charged for children in low-income families (defined as families where parents are in receipt of a Commonwealth Health Card) (Napthine 1997).

Quality

Child care quality assurance mechanisms

There are two mechanisms for assuring quality in the child care area. The first is 'child care standards', which are the 'quantifiable inputs' viewed as necessary to provide a good quality service, and the second is 'accreditation', which focuses on the way the service operates (Brennan 1998:201).

Child care standards—such as the physical environment, health and safety, staff-child ratios, staff qualifications and program activities—are generally incorporated in legislative regulations or funding guidelines. All States and Territories license and regulate centre-based long day care and occasional care services. As at July 1999 family day care schemes and/or providers are licensed and regulated in New South Wales, Queensland and Western Australia. In all other States and Territories, minimum standards of staff-child ratios and, in some instances, basic environmental conditions are set for

family day care services through statute, ordinance or exemption (SCSWA 1993:9). As at July 1999 the Australian Capital Territory is preparing to license family day care schemes; it is also the only jurisdiction that licenses and regulates outside school hours care. Since child care standards vary across the different jurisdictions, sets of national standards for long day care centres, family day care and outside school hours care have been developed by the Commonwealth and State and Territory governments and endorsed by the Community Services Ministers Conference. The extent to which these national standards have been implemented varies across jurisdictions.

As at July 1999 all long day care centres receiving Childcare Assistance on behalf of parents are required to take part in an accreditation process – the Quality Improvement and Accreditation System (QIAS) – which is administered by the National Childcare Accreditation Council (AIHW 1997:126–8). Between June 1997 and July 1999 the proportion of centres that were accredited increased from 68% to 87%, with the proportion of all centres accredited with three years between reviews increasing from 32% to 67% (Table 4.15). In each year, most of the centres that were not accredited were going through the process of accreditation; a small proportion of centres had not reached the standard required for accreditation and, with the help of trained support staff, were working through a plan of action approved by the Council to bring them up to standard. This proportion was around 7% in both June 1997 and July 1999.

Table 4.15: Accreditation status of CP-funded long day care centres, 26 June 1997 and 15 July 1999

Stage of progress	Number of centres	
	1997	1999
Accredited	2,799	3,584
Accredited with 1 year between reviews	1,158	572
Accredited with 2 years between reviews	327	235
Accredited with 3 years between reviews	1,314	2,777
Plan of action—not accredited	283	269
In self-study, in review, in moderation or awaiting council decision	1,052	289
Total	4,134	4,142

Source: National Child Care Accreditation Council unpublished data.

The Commonwealth’s Child Care Advisory Council has recently reviewed the Quality Improvement and Accreditation System (QIAS). Arising from this review, the Council has developed a series of draft recommendations for change to the QIAS process and proposed 40 draft new Principles of quality care. These draft recommendations and Principles will be the subject of consultations with the sector, which are expected to be conducted in late 1999.

During the past two years the Commonwealth Government has been working with the National Family Day Care Council of Australia to develop a system for ensuring the quality of family day care services. Consultations with the sector, State and Territory Governments and the community about the proposed system are due to take place in the second half of 1999, and it is expected that trialing of the new system will begin in the first half of 2000.

The Commonwealth has also been working with the National Out of School Hours Services Association (NOSHSA) to develop a system to ensure the quality of outside school hours care services. In the middle of 1998 NOSHSA received funding from the Commonwealth to undertake a study of the key indicators of quality in outside school hours care services. A quality assurance system is to be developed on the basis of findings from this study. This work is to go ahead in the second half of 1999 and there will be broad consultations on the proposed system in the first half of 2000.

Child care workers: qualifications, experience and in-service training

State and Territory child care licensing regulations and the national standards all contain specifications of 'recognised qualifications' for various staffing positions. These aspects of staffing have been found to be highly related to the quality of care provided (Ochiltree 1994).

Information on 'relevant qualifications' held by child care workers is collected in the CP Census for every service type (Table 4.16). While 'relevant qualifications' vary slightly by service type, they generally include qualifications in early childhood and primary

Table 4.16: Child care workers employed in CP-funded services: qualification status and in-service training, by service type, 1996 or 1997 (per cent)

Type of service	Workers with relevant qualifications					In-service training undertaken in last 12 months		
	Has qualifications	Studying for qualifications	Not qualified			Training undertaken	No training	Total number of workers
			3+ years' experience	None of these	Total			
Long day care centres								
Community-based	51	10	21	18	100	67	33	14,544
Private-for-profit	49	15	12	24	100	70	30	24,915
Employer and other non-profit	54	11	16	19	100	70	30	3,527
Family day care coordination unit staff	66	6	17	11	100	86	14	1,716
Family day care providers	20	6	41	33	100	77	23	14,039
Before/after school care	37	18	18	27	100	57	43	8,085
Vacation care	37	21	14	28	100	n.a.	n.a.	3,835
Occasional/other care ^(a)	40	10	18	32	100	58	42	3,885

(a) Includes occasional care centres and neighbourhood model services, multifunctional Aboriginal children's services, and other multifunctional services.

Notes

1. The 1997 CP Census covered long day care centres, family day care services, and outside school hours care services. The most recent year for which data on occasional care and multifunctional services are available is 1996.
2. Double-counting may occur for workers in before/after school care and vacation care services.
3. Each worker has been counted once. However, a 'qualified' worker may also be studying for a qualification and/or have 3 or more years' experience. Similarly, a worker with no qualifications who is studying for a qualification may also have 3 or more years' experience.
4. Estimates are derived from the CP Census. Due to non-response by some centres, figures are weighted estimates and are therefore subject to some error.

Source: AIHW analysis of FaCS 1998c, 1999b.

teaching, child care, nursing and 'other relevant' areas such as social work and business

management. In 1997 about half of workers in long day care centres, two-thirds of family day care coordination unit staff, one-fifth of family day care providers, a third of outside school hours care workers, and, in 1996, 40% of workers in occasional care/other services had at least one relevant qualification (Table 4.16). The proportion of workers not having a relevant qualification but currently studying for one ranged from 6% in family day care to 21% in vacation care. The proportion of workers who had no relevant qualifications and were not studying for any but had worked in the industry for more than three years was highest for family day care providers (41%) and lowest for workers in private-for-profit long day care centres (12%). More than half the workers in all service types had undertaken in-service training in the 12 months prior to the census, with family day care workers accounting for the highest proportion of workers undertaking training (86% of staff in coordination units and 77% of family day care providers).

A number of submissions to the Senate Inquiry expressed concerns that, as a consequence of funding changes, many long day care centres had used various strategies to reduce costs, such as cutting staff numbers (thus reducing staff-child ratios), employing less qualified and/or less experienced staff, and reducing in-service training (SCARC 1998:68-9). Until the 1999 CP Census data become available, however, it is not possible to examine the extent of any such staffing changes.

Quality assurance for preschool services

Mechanisms for ensuring the quality of preschool services vary considerably across the States and Territories, partly depending on the way these services are provided and delivered. In relation to standards, preschools are either licensed under the same or similar regulations as long day care centres or they are regulated through some other mechanism, such as sets of departmental administrative instructions. In some jurisdictions, quality assurance systems to assess the operation of preschool services have been developed and implemented (AIHW 1997:128).

4.5 Family support services

The lack of national information in the family support services area is well known. While a number of Commonwealth, State and Territory government departments have data collections relating to the services they fund and/or provide, there is as yet no national family support services data collection with consistent scope, coverage and data definitions. Such a collection is not possible to implement without an understanding of the basic structure and arrangements for the provision of family support services across Australia. No comprehensive audit has yet been undertaken of the services in the various jurisdictions. The family and children's services chapter of *Australia's Welfare 1997* contained a section describing various government-funded family support services, both Commonwealth and State and Territory, with some examples of each, but this was by no means a complete picture of the area (AIHW 1997:129-44). In the 1997 chapter, reference was made to the development of a new information system (FAMnet) for the Commonwealth's then Family Services Program (AIHW 1997:133); a discussion of recent data development activities of this Program is contained in Box 4.4.

Box 4.4 Family Relationships Services data collection via the Internet: a case study

The Family Relationships Services Program (formerly the Family Services Program) was located in the Commonwealth Attorney-General's Department until October 1998, when it was relocated to the Department of Family and Community Services.

Under the Program, more than 80 non-government organisations are funded to provide counselling, mediation, skills-development, relationship education and children's contact services from over 400 outlets across Australia (AIHW 1997:132). Data are provided to the Commonwealth by family relationships service providers as part of a contractual obligation.

Early in 1997 Program staff began to develop the Family Quality Strategy and Information System (FAMQIS) to assist with the Program's administration and management functions.

The development of a national minimum data set for family relationships services, including a data model and data dictionary, is an important FAMQIS initiative. An associated FAMQIS initiative is the development and implementation of FAMnet, an Internet-hosted, browser-based data system that supports the government and community sectors in client data collection, purchaser-provider arrangements and communication.

Consultants were contracted to develop FAMnet and there was extensive consultation with service providers during the development process. Pilot testing by service providers has identified the advantages of an Internet system over manual systems and distributed software for data collection, storage, retrieval and analysis for the Family Relationships Services Program. The FAMnet system came into full operation on 1 July 1999.

For more information contact <famnet@facs.gov.au>.

A recent National Crime Prevention report, *Pathways to Prevention*, contains a detailed examination of 46 early intervention services across Australia, several of which are categorised as family support services using the AIHW classification system. The report notes the difficulties involved in doing an audit of programs in the early intervention area: 'The field of family and children's services is not only diverse and fragmented, there are no data bases conveniently available to assist in the identification of relevant programs' (NCP 1999:199).

National data development in the family support services area was put forward as an important information development priority in the National Community Services Information Development Plan (SCCSISA 1999:18). As a consequence, SCCSISA has agreed to fund a scoping study of family support services. This scoping study will be an important step in progressing a national family support services data collection.

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