SOUTH WEST GROUP

A Co-operative venture of the municipalities of:
Cockburn, East Fremantle, Fremantle, Kwinana, Melville & Rockingham

Friday, 22 August 2014
Enquiries: Mick McCarthy – (08) 9364 0631
Our Reference: South West Group Submission
Senate Select Committee Inquiry – Budget Cuts

Senate Select Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

THE SENATE SELECT COMMITTEE INQUIRY INTO THE ABBOTT GOVERNMENT'S BUDGET CUTS

Further to the invitation received on 18 July 2014 in response to the above, please see below the South West Group's submission.

BACKGROUND

The South West Group, formed in November 1983, is a Voluntary Regional Organisation of Councils (VROC) comprising the Cities of Cockburn, Fremantle, Kwinana, Melville, and Rockingham and the Town of East Fremantle.

The South West Group is managed by a Board consisting of the Mayors and CEOs of its member local governments.

The South West Group seeks to work with these six local governments and through cooperation with industry, community and the other spheres of government to capture a wide range of opportunities to enhance economic growth as well as supporting a diversity of quality lifestyles whilst servicing and sustaining cohesive, productive communities in an enviable environmental setting.

The Abbott Government's budget cuts have the potential to adversely impact on the member Councils and communities in the South West Metropolitan Region.

A summary of the key economic and social impacts is provided below, with a more detailed response following based on points (a) to (l) in the Terms of Reference for the Senate Select Committee Inquiry.

ECONOMIC IMPACTS FROM BUDGET CUTS

The economic profile of the South West Metropolitan Region shows a highly productive region, which is supported by key economic drivers and infrastructure including Fremantle Ports, Kwinana, Latitude 32 and East Rockingham Industrial Areas, Australian Marine Complex, Jandakot City and major commercial/retail centres in Booragoon, Cockburn Central, Rockingham, Fremantle, Kwinana and Canning Bridge.

The region has a gross regional product estimated at over $22 billion, a population of over 400,000 residents, almost 29,000 local businesses, 174,000 local jobs and over 200,000 employed residents.

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The region plays a critical role in freight and logistics, with key transport corridors and infrastructure to support the import and export trade. It is vitally important there is increased investment in the region to support the industries and the broader economy.

The Abbott Government budget cuts have the potential to adversely impact on the level of investment in the region, across a range of industry sectors, as outlined below.

- Decreased investment in industry innovation and commercialisation due to budget cuts for industry support and training programmes.
- Reduced research activity and discoveries due to cuts in funding to research institutions, which have the potential to have long term reputational and financial consequences for Australia.
- Reduced funding for Local Government associated with the proposed pausing of indexation for the Financial Assistance Grants Scheme (FAGS) to 2017/18, resulting in reduced expenditure on community infrastructure and facilities.
- Lower investment and loss of global positioning in the oil and gas industry, particularly related to Floating Liquefied Natural Gas (FLNG) technology development, due to the withdrawal of funding for the Industry Innovation Precinct program and the WA Oil and Gas Industry Innovation Precinct initiative.

SOCIAL IMPACTS FROM BUDGET CUTS

The region contains areas of high unemployment, inter-generation welfare dependency and disadvantaged communities throughout central and southern parts. The member Councils, State Government agencies, community organisations and not-for-profit sectors have worked tirelessly over many years to support these communities and introduce programs aimed at dealing with the root causes of these conditions.

Many of the support programs being undertaken in the region rely upon Federal Government funding to assist in the delivery of services through partnership arrangements with stakeholder and support agencies.
The Abbott Government budget cuts will impact on some of the most vulnerable and disadvantaged members of our community through reduced income support and program funding. In some cases, struggling families will have to deal with multiple circumstances of income reductions and the cumulative impacts of funding cuts, including:

- Family welfare payment reforms that will impact on the most vulnerable and disadvantaged sections of the community.
- Financial impacts from the $7 Medicare co-payment for pensioners, low income families, people with disabilities and/or chronic health conditions or disease.
- Reduced employment support for young unemployed persons due to the cessation of funding for Youth Connections, Partnership Brokers and Local Employment Coordinator Programmes.
- Limitations in the availability of Work for the Dole placements due to capacity constraints in local governments, community organisations and the not-for-profit sector.

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- Reduced funding and higher fees for Family Day Care centres as a result of changes to eligibility criteria for Community Support Programme (CSP) funding.
- Increased financial burden on university and other tertiary education students resulting from budget cuts to universities and changes to the Higher Education Loan Programme (HELP) repayment arrangements.

TERMS OF REFERENCE

The information below describes in further detail the impacts of the proposed Abbott Government budget cuts based on the Terms of Reference for the Senate Select Committee inquiry.

(a) any reductions in access to services provided by the Commonwealth

<u>Family welfare payment reforms</u>

The Abbott Government is seeking to undertake welfare reform aimed saving $6 Billion over four years through a new system aimed at better employment and social outcomes based on a four pillars of reform recommended in the McClure report:

- Simpler and sustainable income support
- Strengthening individual and family capability
- Engaging with employers
- Building community capacity

Although it is recognised that there is a need for reform on the way that some welfare payments are administered, the budget cuts and some of the changes proposed by the Abbott Government will negatively impact on some of the most vulnerable sectors of our community including:

- Pensioners as a result of increased age for aged pension eligibility and reductions in deeming thresholds to claim the pension, combined to increased medical costs associated with the Medicare co-payment
- Disadvantaged sectors of the community resulting from increased health/medical costs and changes to eligibility for receiving income support benefits
- Community based Family Day Care services resulting from cessation of funding for the Community Services Programme (CSP)
- Unemployed people, particularly youth associated with changes, waiting periods and cessation periods for income support eligibility

Further discussion on the impacts of these changes is provided below, for the purpose of highlighting the funding cuts likely to lead to adverse community impacts throughout the region.

<u>$7 Medicare co-payment</u>

The $7 Medicare co-payment for GP visits and for some pathology and diagnostic imaging services is another cost that will be borne by those in the community that require more medical services but least able to afford it, such as elderly, sick and families with chronic disease conditions and illnesses.

The South West Metropolitan Region has areas with high social disadvantage. According to the 2011 SEIFA disadvantage index, the City of Kwinana is the highest ranked disadvantaged local government in the Perth metropolitan area due to high levels of unemployment and social issues associated with public housing.

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A co-payment scheme enabling disadvantaged sections of the community (pensioners, people with disabilities and/or chronic health conditions or disease, low income families) to be exempt from the $7 Medicare co-payment should be considered, including thresholds where the exemption would apply. Exemptions have been provided for Vietnam Veterans to reflect hardship likely to be experienced by returned service personnel and therefore a precedent exists for this consideration.

Recommendation 1: The Abbott Government examine the introduction of further $7 Medicare co-payment exemptions for pensioners, people with disabilities and/or chronic health conditions or disease, low income families

Reduced Hospital funding and cuts to certain optometry, dental and preventative health programs

The winding back of hospital funding arrangements introduced by the former government will place further pressure on the States to fund shortfalls.

There have been concerns expressed by the social services industry that the $7 Medicare co-payment and reduction in hospital funding will lead to higher out of pocket expenses for Western Australians for hospital and medical services, leading to a United States style health system that has become unaffordable for large sectors of the community. In addition, Western Australia lost its AAA credit rating in 2013 and is therefore unlikely to have the capacity to meet the State's share of costs over time.

It is recommended that funding for hospitals and other health and medical related programmes be maintained and that the Abbott Government consult wider on any funding reforms related to hospitals to ensure there is a full understanding of impacts associated with changes in funding and that opportunities for cost sharing can be negotiated with the State Government.

Recommendation 2: The Abbott Government consult more widely on proposed funding reforms for hospitals and related services and negotiate cost sharing arrangements with the State Government to ensure the accessibility and affordability of services

Employment Support Programmes

The Abbott Government announced the cessation of funding for a number of employment support programmes including Youth Connections and the Local Employment Coordinator programmes.

Youth Connections

Youth Connections is a programme helping young people who have not completed, or at risk of not completing Year 12 or equivalent qualifications and have barriers that make it difficult to participate in education, training or employment.

Youth Connections providers, such as Bridging the Gap in the South West Metropolitan Region, work with young people to make the successful transition to further education, training or employment. Youth Connections provides support to many school partnerships including the Dismantle 'bike restoration project' in Cockburn; Urban GATE in Kwinana Warnbro's Maori and Pacific Islander (MAPI) Program; and the Baldivis Secondary School Community Reference Group.

The Abbott Government announced that Youth Connections contracts will not receive funding beyond December 2014, which represents the exit of about $1.1 million from the portfolio of programmes delivered by Bridging the Gap.

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It is not clear if the new Employment Services arrangements proposed by the Abbott Government will enable activities undertaken through Youth Connections to be continued through alternative service delivery arrangements.

The loss of the Youth Connections programme will put at risk the providers and networks established for this important and worthwhile programme supporting youth in the region.

In addition, the Employment Services contracts proposed to be put in place by July 2015 (see below) do not appear to incorporate a programme such as Youth Connections.

Local Employment Coordinator Programme

The Australian Government program associated with the Local Employment Coordinator (LEC) and Flexible Funding Pool for the South West Perth priority employment area ended on 30 June 2014.

The South West Group and other key stakeholders in the region formed an Advisory Committee actively involved in the programs and activities facilitated through the LEC role and consider that is essential for resources to be provided to continue this important role.

Local employers, service providers and job seekers have expressed interest in finding a means for shared work on employment issues and ways to continue the networks, groundwork and progress of the past few years.

While mainstream services provide effective delivery of training and employment programs, the LEC role was been able to facilitate; connect; customize and initiate actions, projects, pathways and opportunities within a local area as not all issues and opportunities fit neatly into the main-stream structures.

The key features of the LEC role include:

1. Delivering a brief to work across all levels of Government, business, industry, not for profit groups and agencies;
2. Facilitating access to flexible funding to respond to local issues and gaps in services; and
3. Providing a single mandate to promote, support and create employment opportunities and pathways especially in areas of skills shortages.

The loss of the LEC role and function represents a huge loss to the region and its departure will result in gaps re-appearing that form barriers to engaging youth in employment and training opportunities. These gaps aim to address long term generational unemployment barriers for both indigenous and non-indigenous client groups. It was noted by Employment Services providers in the region that the increase in crime is directly related to inability to meet living costs as a result being unemployed and receiving limited financial support.

The new Employment Services contracts proposed to be put in place by July 2015 (see below) do not appear to incorporate a Local employment coordinator role, which is most disappointing and seems short sighted.

Employment Services 2015 to 2020

The Abbott Government has also recently released an Exposure Draft for Employment Services 2015-2020 covering Employment Providers (replacing the current Job Services

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Australia), Work for the Dole, New Enterprise Incentives Scheme (NEIS), Harvest Labour Services and the National Harvest Labour Information Services.

Employment Service providers in the region are currently assessing the implications of the proposed future contacts and their scope of work and it is recommended that the Abbott Government consult with existing providers in the development of new contract arrangements. The Work for the Dole program appears to have the greatest impact on unemployed people and local governments in the South West Metropolitan Region.

Recommendation 3: The Abbott Government incorporate the Youth Connections and Local Employment Coordinator programme into the new Employment Services contracts for 2015 or provide alternative funding to continue this programme in the Central and West Metro Perth employment region

Work for the Dole

For the unemployed, particularly youth, the greatest financial impact is associated with changes, waiting periods and cessation periods for income support eligibility while they are looking for work.

The periods without income support will place job seekers in a difficult position financially to meet the daily costs of living. Consideration should be given to providing ongoing income support for unemployed people that do not have access to other forms of family support to meet the daily costs of living.

The Abbott Government has introduced the Work for the Dole arrangements in areas of high unemployment across the nation for job seekers who have been unemployed for 12 months or more and receiving Newstart or Youth Allowance.

In WA, the first phase of the program will be delivered in an area identified as Central and West Metro Perth, which includes the South West Metropolitan Region as well as central Perth and extending through the western suburbs to the coast.

Local governments, along with community organisations and not-for-profit sector, have been identified by the Abbott Government as the main source of placements for Work for the Dole participants. It is estimated that there are 11,200 unemployed persons in the South West Metropolitan Region (June 2014, ABS 6291.0.55.001) with a proportion of these eligible for the Work for the dole programme.

The requirement to find Work for the Dole placements for eligible job seekers is likely to significantly exceed the availability of suitable placements in local governments, community organisations and not-for-profit sector.

In addition, any Work for the Dole placements for larger projects planned for local governments involving 10 to 20 job seekers may be difficult to support and will place additional pressure on Council staff to ensure that there is adequate supervision and that occupational health safety requirements are implemented.

In addition, the WA State Government's Metropolitan Local Government Reform process is nearing its completion and metropolitan local governments have significantly increased workloads and resource demands in responding to reform proposals and preparing for reform outcomes over the next 12 to 18 months.

This situation places further limits the ability of local governments to offer Work for the Dole placements.

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The Abbott Government should undertake consultation with local governments, community organisations and the not-for-profit sector in the Central and West Metro Perth area to determine more accurately the availability of potential placements for the Work for the Dole programme and capacity of these organisations to support the programme.

Recommendation 4: The Abbott Government undertake consultation with local governments, community organisations and the not-for-profit sector to determine the availability of Work for the Dole placements and the capacity of these organisations to support placements

<u>Childcare Services - Family Day Care Centres</u>

Changes to the Federal Governments Community Support Programme (CSP) will lead to the Department of Education ceasing all current CSP contracts with family day care services by 30 June 2015.

The new eligibility criteria proposed for the new CSP contacts is very restrictive resulting in family day care centres in the some of the most disadvantaged areas in the metropolitan area not eligible for CSP funding. This is the case for the Bright Futures Family Day Care Service covering the Kwinana and Rockingham areas.

The impact of the changes to CSP funding consequence will significantly increase the cost of childcare for some of the most disadvantaged families in our community (average additional $34.50 per child per week) as well as other impacts such as:

- Longer child care waiting lists and/or no access to child care
- Reduction in workforce participation -
- Closure of educator small businesses servicing the day care centres
- Increased unemployment of service staff.

The South West Group recognises the important role that the Bright Futures Family Day Care services provide in the region and supports the “Families Need Family Day Care” campaign (see outline attached) and its recommendations to:

- Review the eligibility criteria
- Consult the sector as part of the review
- Extend the transition time and
- Consider exceptional circumstances funding.

Recommendation 5: The Abbott Government re-assess the Community Support Programme to incorporate the recommendations put forward by the Families Need Family Day Care campaign

(b) the provision of other services, programs or benefits provided by the Government affected by the budget

<u>Local Government Financial Assistance Grants Scheme (FAGS)</u>

The FAGS funding provided to local governments is an important source of revenue for local communities and used to maintain a range of infrastructure (including local roads, bridges, parks, swimming pools, libraries and community halls) as well as services for youth and the disadvantaged people in the community.

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The $1 billion in savings from the FAGs scheme, by pausing indexation until 2017/18, represents a 10% cut in real terms and will have a detrimental impact on local government's ability to maintain infrastructure and provide level of services in local communities. In addition, there will be the long term revenue impacts on local government due to the diminishing effects over time from the FAGs funding base.

As a result, local governments will be faced with reducing funding in other areas of need or increasing rates to cover the shortfall. Both of these options either decrease level of service or exacerbate affordability pressures on the most vulnerable members of the community.

Consideration should be given to continuing the indexation arrangement for the FAGs Scheme as an important revenue stream for local government in providing essential services to their communities.

Recommendation 6: The Abbott Government remove the pause on indexation on funding until 2017/18 as proposed for the Local Government Financial Assistance Grants Scheme

<u>Industry Support Programs</u>

The Abbott Government budget cuts led to a range of industry support and training programs being significantly scale back or discontinued.

Those programmes closing or closed include:

- Accelerated Australian Apprenticeships
- Apprentice to Business Owner – business skills and mentoring
- Australian Apprenticeships Mentoring
- Australian Apprenticeships Access
- Liquefied Petroleum Gas Vehicle Scheme
- Enterprise Connect
- Industry Innovation Precincts (see below)
- Clean Technology Investment
- Clean Technology Innovation Programme
- Clean Sustainable Skills Package
- Industry Training Strategies
- Workforce Innovation
- Commercialisation Australia
- Green Business Australia – Green Building Fund
- Australian Industry Participation
- Energy Efficiency Information Grants
- Low Carbon Communities

Those programmes scaled back and receiving reduced funding allocations include:

- Australian Apprenticeships Incentive Programme
- Workplace English Language and Literacy
- Innovation Investment Fund

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Coupled with the cessation of a number of related initiatives and programmes such as the Climate Change Authority, Low Carbon Australia Limited, Clean Energy Finance Corporation, Community Energy Efficiency Program and Low Income Energy Efficiency Program, the associated budget cuts put in place by the Abbott Government will have a detrimental impact on local government, small business and industry.

Local Governments, small businesses and industry organisations in the region had previously benefitted from a number of these programmes and have raised concerns over the limited funding, number and extent of continuing programmes. Feedback received has suggested that the impact that these changes will place industry at a disadvantage and discourage investment important areas of the economy such as:

- Apprenticeships
- Clean energy technology
- Small business development, engagement and support
- Renewable energy and energy efficiency
- Business and community engagement programmes on energy efficiency and sustainability
- Industry innovation

Given that the Industry portfolio and associated agencies were one of the hardest hit in terms of budget cuts, the Abbott Government should investigate ways to introduce high priority industry support and innovation programs into their future industry portfolio.

This investigation should include a consultative process involving industry and small business associations to ensure that programmes are appropriately targeted, mutually beneficial and will achieve desired economic outcomes.

Recommendation 7: The Abbott Government investigate measures to introduce high priority industry support programmes that have proven economic return, in consultation with industry groups and associations

Industry Innovation Precincts Program

The cessation of a range of industry support programs such as the Industry Innovation Precincts Program signifies a lost opportunity to leverage off Australia's strengths to capture a greater global share of emerging markets and establish WA as the oil and gas centre of excellence in the Asia-Pacific Region.

The South West Group was a collaborator in the WA Oil and Gas Industry Innovation Precinct proposal put forward by Woodside Petroleum and other partners to establish a centre of excellence and learning hub for the oil and gas industry here in WA.

The South West Metropolitan Region contains some key facilities and precincts that would benefit from an oil and gas industry precinct such as the Australian Marine Complex (AMC) and Jandakot City.

It is therefore recommended that the Abbott Government introduce an initiative similar to the Industry Innovation Precinct programme and support the establishment of the WA Oil and Gas innovation precinct as a flagship energy programme that will generate research, increase investment in the sector and provide jobs for Australians.

The South West Group will continue to lobby the Federal Government to introduce a similar program to take advantage of the work undertaken for the WA Oil and Gas innovation precinct proposal.

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Recommendation 8: The Abbott Government provide funding for the WA Oil and Gas Industry Innovation Precinct proposal developed by Woodside Petroleum and partners

(c) Commonwealth – state relations and the impact of decreased Commonwealth investment on service delivery by the states

No specific comments related to this Terms of Reference point, noting that the WA State Government is seeking greater Goods and Services Tax (GST) revenue from the commonwealth to support investment in infrastructure to support WA's important economic development role for the nation.

(d) the fairness and efficiency of revenue raising

Refer to comments above. Consideration should also be given to broadening the GST base, returning more GST revenue to the States and removing duplication between the Commonwealth and the States. If done correctly, there should be opportunities to remove some of the State Government taxes and charges (e.g. Stamp Duty, payroll tax) that are holding back the economy.

(e) the structural budget balance over the forward estimates and the next 10 years

The current level of debt, coupled with the potential inability to for the Federal Government to pass required legislative changes related to the 2014/15 budget and forward estimates, may place Australia in a position of significant levels of debt, high interest repayments and lack of funding available for required infrastructure investment.

(f) the reduced investment in scientific research and infrastructure and its impact on future productivity

The Abbott Government has reduced funding for science and research agencies by $420 million over four years, with the hardest hit being:

- $114 million from the Commonwealth Scientific and Industrial Research Organisation (CSRIO)
- $120 million from the Defence Science and Technology Organisation (DSTO)
- $80 million from the Co-operative Research Centres (CRC)
- $75 million from the Australian Research Council funding.
- $27.6 million from the Australian Nuclear Science and Technology Organisation (ANSTO) and
- $7.8 million from the Australian Institute of Marine Science

The CSIRO cuts are particularly concerning with the loss of up to 500 jobs, which represents about one quarter of its researchers, scientists and support staff including the 30% cut in funding related to its education and outreach budget.

The researchers and scientists work across a range of areas including biosecurity, climate adaptation, renewable energy, medical research, marine science, sustainable agriculture, preventive health measures and others. There is also a question mark over the ongoing operation of the Parkes radio telescope as a result of the budget cuts.

Research is the cornerstone of innovation and best practice and also ensures that Australia keeps up with the rest of the world in terms of emerging technologies and discovery

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breakthroughs. The cuts to funding may put at risk Australia's reputation for conducting cutting-edge scientific research, leading to long term impacts on the development and commercialisation of discoveries arising from research such as Wi-Fi.

The proposed Abbott Government budget cuts will reduce Australia's scientific and research capability and, as well as the direct loss of jobs, may also reduce employment opportunities for young, aspiring Australian scientists for years to come.

The financial savings in the short term associated with the research institution budget cuts will have long term and detrimental impacts on Australia's reputation, global competitiveness and economy.

Recommendation 9: The Abbott Government assess the potential economic, global competitiveness and reputation impacts associated with the proposed budget cuts to research institutions

(g) public sector job cuts

The public sector job losses associated with the Abbott Government budget cuts over are expected to impact on 13,500 employees over the next three years.

(h) the impact of the budget on retirement incomes and pensions

As previously discussed, retiree incomes and pensioners will be adversely impacted upon by the $7 Medicare co-payment and other proposed welfare reforms including the tightening of rules for Disability Support Pension

(i) intergenerational mobility

No specific comments related to this Terms of Reference point.

(j) the impact of the budget on young people and students

<u>Changes to Higher Education Funding – Universities</u>

The South West Group supports reforms in the tertiary education sector that will make universities more competitive and provide greater access and diversity of courses to students.

The Abbott Government's higher education reform package has elements that will support the tertiary education sector in becoming more globally competitive, although concerns over some of the changes suggest that a review of potentially unintended consequences would be beneficial.

The Abbott government is proposing to expand student access to the Higher Education Loan Program (HELP) for TAFEs, private universities, and private higher education institutions and for students studying higher education diplomas, advanced diplomas and associate degrees. This is commendable, and may remove the requirement for upfront fees in many courses; however students are likely to pay significantly more for these courses through the HELP repayment system.

This arrangement should also lead to an increase the student participation in higher education, with the Abbott Government claiming that 80,000 more students each year will be able to study the course of their choice and at the institution of their choice with Commonwealth support.

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However, the Abbott Government is also proposing to reduce funding to Universities by 20% and enabling Universities to set their own tuition fees from 2015. Concerns have been raised regarding the financial impact on students relating to the increased fees and changes to the repayment arrangements for the HELP based on the higher bond rate of 6% pa compared to the current CPI rate (around 3%).

According to the reporting of a Committee for Economic Development Australia (CEDA) event held in Perth on 30th July 2014, the heads of Western Australian Universities have publically warned that the proposed legislative changes to higher education could reduce the level of public good universities provide and threaten more expensive fields of study such as medicine and science which are being partially subsidised by other courses of study.

There have also been recent articles in the media indicating that graduates of lower paid professions, such as nurses and social support professionals, may be disproportionately impacted financially from the HELP repayments scheme due to their relatively longer pay back periods and higher interest rate.

It is recommended that a review of the university funding cuts and HELP repayment scheme for student fees be undertaken to ensure that the diversity of university courses available is maintained and that there is equity in the HELP repayment process.

This review should include modelling for course costs likely to be charged by universities and HELP repayment costs for a range of degrees and diplomas based on probable salary ranges for associated employment positions.

Recommendation 10: The Abbott Government undertake a review of the financial impact on students associated with the budget cuts to university funding and changes to the Higher Education Loan Program (HELP) repayment arrangements

(k) the impact of the budget on households

The $7 Medicare co-payment, reduced hospital funding, cuts to medical and health prevention programs, changes to family and unemployed income support as outlined in this submission will have a financial impact on household budgets, particularly to those in the community that experience cuts to funding or programs in across multiple areas leading to cumulative hardship.

(l) other matters the committee considers relevant

The transition arrangements from the cessation of the previous Australian Government's "Caring for our Country" natural resource management (NRM) funding model to the Abbott Government's proposed National Landcare Programme (NLP) and Natural Heritage Trust (NHT) funding model need to be carefully managed to ensure that NRM bodies and their networks are protected and maintained.

These transition arrangements will also ensure that NRM practitioners and community groups involved in NRM work are kept engaged and are able to pro-actively continue their NRM work.

Although the Abbott Government's proposed $525 Million for the Green Army is supported, the funding for this initiative has been taken from the NLP and NHT programme budgets, resulting in less funding available for community based NRM activities at the local level.

This reduction of funding will have adverse impacts on NRM groups and support networks.

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Recommendation 11: The Abbott Government maintain funding to NRM regions and NRM projects and investigate transition arrangements for any future changes to community based NRM structures and funding to protect and manage established NRM networks and project

The South West Group would welcome the opportunity to present at any hearings associated with the Senate Select Committee Inquiry process.

Yours sincerely

Mayor Logan Howlett JP
Chair South West Group

Attachment: Information to Members of Parliament on Changes to FDC Funding

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ATTACHMENT

Family day care in our community ... understanding what's at stake!

A guide to the changes to family day care funding for federal members of parliament

family day care
Family Day Care Victoria Inc
NSW FAMILY DAY CARE ASSOCIATION INC.
Family DAY CARE EDUCATORS ASSOCIATION INC. New South Wales
Family DAY CARE EDUCATORS ASSOCIATION INC. Queensland
Educators Association of SA Inc
Family DAY CARE EDUCATORS ASSOCIATION INC. Victoria
Family DAY CARE EDUCATORS ASSOCIATION INC. Western Australia

Under changes to the Community Support Programme (CSP) in the 2014-15 Federal Budget, the Department of Education will cease all CSP contracts with family day care services as of 30 June 2015. All services will need to reapply for CSP funding, and will be assessed under a new eligibility criteria.

CSP funding enables services to support, train and monitor educators to ensure they are adhering to the National Law and National Regulations, the National Quality Standard (NQS) and that the key outcomes, principles and practices of the approved learning frameworks are being met within the family day care environment.

Under the new criteria, family day care services will find it very difficult to be deemed eligible to receive CSP funding. Should these changes take effect in their current form and timeframe, they will have a significant impact on the financial viability of most family day care services in Australia.

The Bright Futures Family Day Care Service covering the areas of Kwinana and Rockingham will not meet the eligibility criteria even though we provide services in some of the most disadvantaged areas in the metropolitan area.

About family day care

Family day care is an approved form of child care that is provided in the family day care educator's own home. Family day care educators are early childhood education and care professionals, registered with an approved family day care service that is responsible for supporting, training and advising its educators.

Family day care operates under the National Quality Framework for Early Childhood Education and Care (NQF) and is a Child Care Benefit and Child Care Rebate approved service.

National snapshot of family day care

- 155,430 children in family day care
- 94,880 families rely on family day care
- 24,000 family day care educators
- 736 approved family day care services
- Australia's fastest growing form of early childhood education and care
- Australia's major provider of regulated, flexible, non-standard hours child care
- The majority of family day care educators are self-employed sole traders
- Vital in rural and remote communities where in many instances family day care is the only form of approved child care available to families

The impact of changes to CSP funding

CSP funding enables services to support, train and monitor educators and to assist with the requirements of the National Quality Framework.

Services currently receive a minimum of 69c per child per hour in CSP funding (more in rural and remote areas). To compensate for this loss of revenue the options available to services are limited and the impacts may include:

• Cost saving measures such as a reduction in support services, which has the potential to impact upon the quality of care provided to children

• Increased fees to parents. For a full time child in care the service will need to recover $34.50 per child per week (more in rural and remote areas). This will affect affordability and competitiveness

• Services left with no other option but to close their doors

Clearly, while the changes to funding directly affect services, everyone involved in family day care will pay the price of the changes to CSP funding.

The social and economic impacts:

- Longer child care waiting lists and/or no access to child care
- A reduction in workforce participation
- Educator small business closures
- Service staff unemployment

Family day care in our community

Local snapshot of Bright Futures Family Day Care

- **13** service employees
- **103** Registered and approved Educators
- **501** families using family day care
- **660** children in care

Funding for our service

- **$460,000** in CSP funding currently
- **$NIL** in estimated funding post 30 June 2015

The likely outcome in our community

The changes to CSP funding will have a very real and very significant impact on our community. As a result of the changes it is most likely that our service will:

- Increase fees to parents by up to **$34** per child per week
- Implement service staff redundancies to reduce costs
- If costs cannot be covered the service will need to consider closure which will result in
    - Over 100 educator small business closures
    - 13 service staff redundancies
    - 650 children without care
    - 500 parents potentially leaving the workforce

The key focus of the Productivity Commission Inquiry into Childcare and Early Learning is to increase accessibility, affordability and flexibility in early childhood education and care and to support workforce participation.

Clearly, changes to Community Support Programme funding for family day care directly contradicts this objective.

What are we asking of government?

- **Review the changes to eligibility criteria:** to ensure that they do not have unintended consequences including the closure of services providing high quality education and care in areas of need across Australia.

- **Consult with the sector as part of the review:** regarding solutions to the potential impacts of changes to CSP funding and with services, educators and families to fully understand the impact of the changes.

- **Extend the transition time:** to allow sufficient time for a comprehensive review and for the development and implementation of changes to the business model.

- **Consider "exceptional circumstances" funding:** to ensure that the funding changes do not result in high quality services closing their doors, leaving families without affordable child care.

How you can help

- Publicly endorse the Families Need Family Day Care campaign
- Write to the Assistant Minister for Education, the Hon Sussan Ley MP, to request consideration of one or all of the key requests outlined above
- Raise the issue through a speech in Parliament, with reference to the potential impacts in your electorate
- Sign the online petition by visiting www.familiesneedfamilydaycare.com.au