

3 March 2026

The Hon. Prue Car MP  
Deputy Premier of NSW  
Minister for Education and Early Learning  
GPO Box 5341  
Sydney  
NSW 2001



**Subject: Urgent Concerns - ECEC Annual Fee Increases and Impact on Family Day Care**

Dear Minister

Family Day Care Australia writes to express deep concern regarding the proposed annual ECEC service fee increases scheduled for the 2026/27 FY.

For family day care services, the proposed changes represent increases of 3.3 times for not-for-profit providers and 5.5 times for for-profit providers (plus CPI) on current annual fees between \$319 and \$802. While the dollar amounts may appear modest in isolation, the proportional escalation in fixed regulatory costs is substantial for family day care services operating in tight-margin environments.

Family day care plays a critical role in thin markets, regional communities, culturally diverse communities and provision of non-standard hours care. At a time when the sector is already experiencing educator exit, viability pressure and increasing compliance burden associated with child safety reforms, layering significant fee increases onto this environment risks accelerating service closures and reducing access for families who have limited alternatives.

We are particularly concerned that that the process leading to these increases does not appear to align with the NSW Government's Guide to Better Regulation, particularly in relation to proportionality, transparent impact analysis and structured consultation for significant regulatory changes. In the absence of a published Better Regulation Statement or clear evidence of sector-specific modelling, it is difficult to reconcile the proposal with the State's stated commitment to evidence-based and consultative regulatory practice. In the absence of such analysis, proceeding early into the new financial year risks unintended consequences including:

- market contraction in regional and disadvantaged communities;
- reduced educator engagement where service sustainability becomes uncertain;
- increased fees passed through to families; and
- undermining national workforce participation objectives.

Regarding the proposed increases themselves, the treatment of family day care under the proposed fee schedule, notably the scale of increases across various service sizes and the benchmarking against 'relatively sized' long day care services demonstrates a concerning lack of understanding, or disregard for the fundamental differences in the structural and financial models between care types.

What is being classified as a "small FDC Service" (5 educators or under) cannot be equated to a "small LDC Service" (25 places or under) and so applies up the scale of service size categorisation. The income generation and profitability model is

incomparable and as such, the impact of the proposed annual service fee increases is inequitable and disproportionate. I note at a minimum the disparity in the CCS fee cap for FDC and the myriad of other absent or inappropriately tailored funding and workforce support programs that exclude FDC (including the Australian Government Worker Retention Payment program, the NSW Business Capability Development Program, the NSW Building Early Learning Places program and the NSW Health and Development Participation Grant Program and so on) as examples of material differences in the income and profitability models between care types.

Family day care is already experiencing immense viability strain, overwhelming administrative burden, and with it, structural contraction, with educator and service numbers declining nationally. In this environment, the proposed increases in fixed annual regulatory fees can only lead to one or more of the following outcomes:

- increased fees to parents;
- increased service levies to family day care educators (the means by which family day care services are funded) and a subsequent decline in educator earning capacity;
- market exit of services and educators; and/or
- reduced access, equity and flexibility for families.

I contend that each and every one of the above-mentioned inevitable outcomes is in complete contrast to the ECEC objectives of every government in Australia.

FDCA respectfully urges reconsideration of the implementation timeframe and requests publication of the modelling underpinning the increases. We believe a phased approach, risk-based differentiation or transitional arrangements should be actively explored before implementation.

We would welcome the opportunity to meet with you to discuss how regulatory funding reform can be achieved without compromising sector viability and family access.

Yours sincerely



**Andrew Paterson**  
Chief Executive Officer  
Family Day Care Australia

3 March 2026

Commissioner Daryl Currie  
Early Learning Commissioner  
NSW Early Learning Commission  
Locked Bag 5107  
PARRAMATTA NSW 2124



**Subject: Proposed Annual Fee Increases - Impact on Family Day Care Viability**

Dear Commissioner Currie

Family Day Care Australia (FDCA) writes to express serious concern regarding the process and the proposal regarding increases to annual ECEC service fees scheduled for the 2026/27 FY.

Regarding process, it appears that the scale and timing of these increases do not appear to align with the NSW Government's Guide to Better Regulation. The Guide requires that new or amending regulatory proposals demonstrate adherence to principles of proportionality, consultation and evidence-based impact analysis, and that significant proposals be supported by transparent assessment and publication of a Better Regulation Statement.

Importantly, the Guide distinguishes standard CPI-aligned fee increases from larger increases, noting that above-CPI changes should not be treated as exempt from better regulation requirements. We are not aware of a published impact analysis, consultation process of appropriate duration, or clear articulation of alternative options considered (including phased implementation or risk-based differentiation), as contemplated by the Guide. Given the magnitude of the increase relative to the current fee base, we respectfully submit that a transparent, evidence-based assessment consistent with NSW's own better regulation framework is warranted.

We are not aware of a published impact assessment or modelling demonstrating:

- the regulatory cost drivers underpinning the magnitude of increase;
- the impact on small, community-based and regional family day care services;
- the likely effect on thin markets and service continuity; and/or
- consideration of alternative approaches and phased implementation.

Regarding the proposed increases themselves, the treatment of family day care under the proposed fee schedule, notably the scale of increases across various service sizes and the benchmarking against 'relatively sized' long day care services demonstrates a concerning lack of understanding and/or disregard for the fundamental differences in the structural and financial models between care types.

What is being classified as a "small FDC Service" (5 educators or under) cannot be equated to a "small LDC Service" (25 places or under) and so applies up the scale of service size categorisation. The income generation and profitability model is incomparable and as such, the impact of the proposed annual service fee increases is inequitable and disproportionate. I note at a minimum the disparity in the CCS fee cap for FDC and the myriad of other absent or inappropriately tailored funding and workforce support programs that exclude FDC (including the Australian Government Worker Retention Payment program, the NSW Business Capability Development Program, the NSW Building Early Learning Places program and the NSW Health and

Development Participation Grant Program and so on) as examples of material differences in the income and profitability models between care types.

Family day care is already experiencing immense viability strain, overwhelming administrative burden, and with it, structural contraction, with educator and service numbers declining nationally. In this environment, the proposed increases in fixed annual regulatory fees can only lead to one or more of the following outcomes:

- increased fees to parents;
- increased service levies to family day care educators (the means by which family day care services are funded) and a subsequent decline in educator earning capacity;
- market exit of services and educators; and/or
- reduced access, equity and flexibility for families.

I contend that each and every one of the above-mentioned inevitable outcomes is in complete contrast to the ECEC objectives of every government in Australia.

We therefore respectfully request:

1. publication of the modelling and cost-recovery analysis supporting the proposed increases;
2. clarification of the consultation process undertaken and its alignment with "Better Regulation" principles;
3. consideration of deferring implementation pending a formal impact assessment and structured stakeholder consultation; and
4. exploration of a staged approach and/or alternative measures alternatives that achieve regulatory funding objectives without destabilising the sector.

FDCA supports strong and well-resourced regulation. However, regulatory sustainability must be balanced with sector sustainability. We would welcome the opportunity to meet with you to discuss a proportionate and evidence-based pathway forward.

Yours sincerely



**Andrew Paterson**  
Chief Executive Officer  
Family Day Care Australia

3 March 2026

Hon Lizzie Blandthorn MP  
Deputy Leader of the Government in the Legislative Council  
Minister for Children  
GPO Box 1774  
Melbourne VIC 3001



**Subject: Urgent Concerns - Annual ECEC Fee Increases and Impact on Family Day Care**

Dear Minister

Family Day Care Australia writes to express significant concern regarding the proposed annual ECEC service fee increases scheduled for implementation from in the 2026/27 financial year.

For family day care services, the proposed uplift of 3.3 times for not-for-profit services and 5.5 times for for-profit services (plus CPI) represents a substantial proportional increase in fixed regulatory costs. In isolation the base amounts may appear modest; however, for small and community-based services operating in a climate of workforce shortage, regulatory reform and tightening margins, the cumulative impact is considerable.

Family day care plays a unique role in supporting regional communities, culturally diverse families and non-standard work patterns. It is already experiencing sustained contraction nationally. Introducing large fixed cost increases without clear public modelling or phased implementation risks unintended market exit and reduced access for families who rely on this flexible model of care.

We are concerned that the development of these increases does not appear consistent with Victoria's Better Regulation framework, which emphasises proportionality, transparency, risk-based decision-making and adequate evidentiary support for regulatory change. Without publicly available modelling, impact assessment or clear consultation processes, the proposal risks falling short of the State's own good regulatory practice commitments.

Regarding the proposed increases themselves, the treatment of family day care under the proposed fee schedule, notably the scale of increases across various service sizes and the benchmarking against 'relatively sized' long day care services demonstrates a concerning lack of understanding and/or disregard for the fundamental differences in the structural and financial models between care types.

What is being classified as a "small FDC Service" (5 educators or under) cannot be equated to a "small LDC Service" (25 places or under) and so applies up the scale of service size categorisation. The income generation and profitability model is incomparable and as such, the impact of the proposed annual service fee increases is inequitable and disproportionate. I note at a minimum the disparity in the CCS fee cap for FDC and the myriad of other absent or inappropriately tailored funding and workforce support programs that exclude FDC (including the Australian Government Worker Retention Payment program, any program under the Victorian *Best Start, Best Life* reforms, Victorian School Readiness Funding and so on) as examples of material differences in the income and profitability models between care types.

Family day care is already experiencing immense viability strain, overwhelming administrative burden, and with it, structural contraction, with educator and service numbers declining nationally. In this environment, the proposed increases in fixed annual regulatory fees can only lead to one or more of the following outcomes:

- increased fees to parents;
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- market exit of services and educators; and/or
- reduced access, equity and flexibility for families.

I contend that each and every one of the above-mentioned inevitable outcomes is in complete contrast to the ECEC objectives of every government in Australia.

We respectfully request that the evidentiary basis for the increases be published and that implementation be reconsidered pending a transparent impact assessment. A staged or differentiated approach would better align with Victoria's commitment to proportional and risk-based regulation.

FDCA remains committed to strong child safety and effective regulation. We urge that regulatory funding reform be implemented in a way that strengthens, rather than destabilises, essential services for Victorian families.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A Paterson', written in a cursive style.

**Andrew Paterson**  
Chief Executive Officer  
Family Day Care Australia

3 March 2026

Bronwen FitzGerald  
Deputy Secretary  
Early Childhood Education  
Department of Education  
Ground Floor, 2 Treasury Place  
East Melbourne  
VIC 3002



**Subject: Proposed Annual Fee Increases - Impact on Family Day Care Viability**

Dear Bronwen

Further to the points raised in the reference group meeting, I write to you to formally express serious concern regarding the process and the proposal regarding increases to annual ECEC service fees scheduled for the 2026/27 FY.

While the current base amounts are relatively low, the proportional increase represents a material escalation in fixed regulatory costs. For family day care services that ubiquitously operate in tight margin environments, large increases in fixed regulatory costs are neither modest nor easily absorbed.

Regarding process, it appears that the scale and timing of these increases do not appear to align with Victoria's Better Regulation framework. The framework emphasises proportionality, transparency, accountability, risk-based targeting and the need to evaluate and communicate regulatory impacts. The Victorian Guide to Regulation highlights the importance of adequate evidentiary support, balanced analysis and transparent consultation, even where a formal Regulatory Impact Statement may not be strictly required, particularly where proposals impose significant cost on regulated entities.

We are not aware of published modelling demonstrating:

- the specific regulatory cost drivers necessitating increases of this magnitude;
- impact assessment by service type, size or geographic profile;
- consideration of phased implementation or alternative funding models; and/or
- evaluation of potential unintended consequences, including market exit.

Regarding the proposed increases themselves, the treatment of family day care under the proposed fee schedule, notably the scale of increases across various service sizes and the benchmarking against 'relatively sized' long day care services demonstrates a concerning lack of understanding and/or disregard for the fundamental differences in the structural and financial models between care types.

What is being classified as a "small FDC Service" (5 educators or under) cannot be equated to a "small LDC Service" (25 places or under) and so applies up the scale of service size categorisation. The income generation and profitability model is incomparable and as such, the impact of the proposed annual service fee increases is disproportionate. I note at a minimum the disparity in the CCS fee cap for FDC and the myriad of other absent or inappropriately tailored funding and workforce support programs that exclude FDC (including the Australian Government Worker Retention

Payment program, any program under the Victorian *Best Start, Best Life* reforms, Victorian School Readiness Funding and so on) as examples of material differences in the income and profitability models between care types.

Family day care is already experiencing immense viability strain, overwhelming administrative burden, and with it, structural contraction, with educator and service numbers declining nationally. In this environment, the proposed increases in fixed annual regulatory fees can only lead to one or more of the following outcomes:

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- market exit of services and educators; and/or
- reduced access, equity and flexibility for families.

I contend that each and every one of the above-mentioned inevitable outcomes is in complete contrast to the ECEC objectives of every government in Australia.

Family day care services are predominantly small, locally embedded operations. In the current reform environment, including strengthened child safety obligations and increased compliance complexity, substantial fixed fee increases risk exacerbating viability pressures and accelerating contraction in thin markets.

Accordingly, we request publication of the modelling underpinning the proposal and respectfully submit that implementation should be deferred pending transparent impact assessment and consultation consistent with Victoria's good regulatory practice commitments.

We would welcome the opportunity to discuss an alternative proportionate and evidence-based approach grounded in Victoria's Better Regulation framework.

Yours sincerely



**Andrew Paterson**  
Chief Executive Officer  
Family Day Care Australia