

Submission to the Department of Education

HOURLY CCS RATE CAP CONSULTATION

Family Day Care Australia

October 2022



1. INTRODUCTION

1.1 ABOUT FAMILY DAY CARE AUSTRALIA

FDCA is an apolitical, not for profit, national member association representing over 10,000 family day care educators and 422 approved family day care services. Our mission is to represent, support and promote the family day care sector in delivering high quality early childhood education and care (ECEC) to more Australian children.

FDCA supports the National Quality Framework (NQF) governing the ECEC sector and, as the national peak body for the family day care sector, shares many objectives in common with Australian governments and regulatory agencies including:

- ensuring the ECEC sector is affordable, accessible and flexible;
- promoting continuous improvement in the provision of quality ECEC services;
- reducing regulatory and administrative burden for ECEC services, whilst simultaneously improving the efficiency and cost effectiveness of the regulation of ECEC;
- supporting measures to build a highly skilled workforce;
- increasing workforce participation.

1.2 ABOUT THE FAMILY DAY CARE SECTOR

As acknowledged in the Alice Springs (Mparntwe) Education Declaration, a world class education system for young Australians "begins with making sure that every young child has the opportunity to benefit from structured play-based learning before they start school, because this helps build the social, emotional and cognitive skills they need to succeed in the years to come."¹

The family day care sector is an essential part of the ECEC sector, providing flexible, affordable and accessible education and care for more than 40 years. Regulated under the *Education and Care Services National Law Act 2010* and the *Education and Care Services National Regulations*, it plays a vital role in meeting the diverse and changing child care needs of a significant proportion of Australian families, while at the same time responding to parents' desire for a 'home-based' and 'family-like' environment for their children.²

According to the September 2021 version of the Child Care in Australia quarterly report published by the Commonwealth Department of Education, of the 1,344,520 children who attended approved ECEC services, 6.7% (90,450) attended family day care, supporting more than 64,390 families across Australia.

While educators are registered with approved services, they effectively run their own small business, working from their own homes with small groups of no more than four children under school age, with the option to care for an additional three school aged children outside of school hours. This provides educators with a unique opportunity to personalise learning programs and to develop strong connections with children and families.

Importantly, the family day care sector offers significantly higher levels of flexible sessions than centre-based day care. For example:

84.7%	94%	65.3%
of family day care services offer shorter sessions (up to 6 hours) compared to only 17.2% of long day care services. ³	of family day care services also offer longer sessions (7-12 hours)	allow for the swapping of days/sessions or sessions to be added or changed at short notice, compared to 51% and 50.2% of long day care services respectively. ⁴

¹ Alice Springs (Mparntwe) Education Declaration, December 2019

² Pascoe, S. Brennan, D. (2017) *Report of the Review to Achieve Educational Excellence in Australian Schools through Early Childhood Interventions*

³ Baxter, J., Budinski, M., Carroll, M., Hand, K., Rogers, C., Smart, J., Bray, J.R., Gray, M., Blaxland, M., Katz, I., & Skattebol J. (2019) *Child Care Package Evaluation: Early monitoring report*. (Research Report). Melbourne: Australian Institute of Family Studies.

⁴ Ibid.

This flexibility is critical to catering for the current and future needs of Australian families, especially in the face of changing work patterns, where casual, contract and part-time work is common, and women form 68.1% of the part-time workforce.⁵

Family day care also offers considerably higher levels of non-standard hours care, compared to the long day care sector:

88.2%	85.5%	47.5%
of family day care services offer sessions of care on weekdays before 7am or after 6pm, compared with 45.7% of long day care services.	of family day care services offer care on weekends, compared with a mere 0.5% of long day care services.	of family day care services offer overnight care, as compared with 0% of long day care services. ⁶

Availability of responsive ECEC services during non-standard hours is absolutely key to supporting a range of employees and contractors who work casual and on-call shift work, split shifts and irregular hours in a range of occupations including nurses, paramedics, police officers, FIFO workers, cleaning contractors, factory workers and those that work in the hospitality industry.

Finally, the family day care sector provides much needed ECEC for Australian families in areas of high disadvantage, with 24% of educators providing family day care in areas that are ranked in the two highest deciles on the SEIFA index and over half of educators (54%) being located in areas ranked in the first five deciles of the SEIFA index.⁷ Furthermore, 24% of family day educators operate in regional and remote areas of Australia.⁸ In some of these areas, family day care is the only option available for child care.

“..the family day care sector provides much needed ECEC for Australian families in areas of high disadvantage, with 24% of educators providing family day care in areas that are ranked in the two highest deciles on the SEIFA index...”

⁵ www.wgea.gov.au/data/fact-sheets/gender-workplace-statistics-at-a-glance.

⁶ Baxter, J., Budinski, M., Carroll, M., Hand, K., Rogers, C., Smart, J., Bray, J.R., Gray, M., Blaxland, M., Katz, I., & Skattebol J. (2019) *Child Care Package Evaluation: Early monitoring report*. (Research Report). Melbourne: Australian Institute of Family Studies.

⁷ FDCA Family Day Care Sector Profile, June 2022

⁸ Ibid.

2. THE INEQUITABLE MISCALCULATION OF THE CCS HOURLY FEE CAP FOR FAMILY DAY CARE

2.1 BACKGROUND

A significant issue affecting the sustainability and viability of the family day care sector is the inappropriate hourly CCS fee cap. When the Australian Government's Child Care Package was developed, the cap price for family day care was calculated differently than other service types.

The calculation that informs current cap rates was based on the projected mean fees at the time (2015) (post removal of top 5% of fees) which were given a loading of 5.75% for family day care and 17.5% for other service types. FDCA sought clarification of the rationale for this significant differentiation in treatment of family day care compared with centre-based care. In summary, the (then) Australian Government Department of Education and Training advised that this approach was taken due to the following assumptions:

- inappropriate practices in the family day care sector (at that time);
- family day care sessions of care being typically 10 to 12 hours long;
- lower overheads; and
- fees charged for non-standard hours were lower or similar to standard hours.⁹

FDCA accepted that the widespread unscrupulous activities in the family day care sector at that time would have impacted the data set the Government drew on, thereby contributing to an inaccurate picture of legitimate fee charging practices. However, due to the Australian Government's significant work over recent years in eradicating fraudulent behaviour in the sector, FDCA maintains that the primary assumptions underpinning the calculations leading to the current CCS fee cap rates for family day care are no longer applicable and therefore invalid. It is therefore imperative that, following the closure of over 400 family day care services, the above rationale and assumptions be reviewed.

A much cleaner data set is now available showing that the average hourly rate for family day care is higher

than that of the centre-based day care sector: \$11.05 as opposed to \$11.00.¹⁰ FDCA contends that this represents a much more accurate picture of legitimate fee charging practices, and that the primary reasons for a comparatively higher mean fee in the family day care sector reflect that:

- overheads in family day care are on par with those of centre-based day care;
- family day care charges are significantly closer to actual usage; and
- family day care is the primary ECEC option delivering non-standard hours care.

It should be noted that, the Department of Education's average fee data shown above notwithstanding, FDCA's October 2022 survey of FDCA educator members (n=451) indicated that the average standard hours fee is \$12.78, which is exceptionally close to the current CCS fee cap for centre-based care, which is \$12.74.

2.2 OVERHEADS AND THE COST OF DELIVERING FAMILY DAY CARE

FDCA has always refuted that family day care has "lower overheads" than centre-based care. The overheads of both family day care services and family day care educators must be taken into account in any calculation of the CCS fee cap for family day care. Feedback from FDCA members shows that the costs associated with running a small business for family day care educators, as independent contractors, are significant and the CCS hourly fee cap should be amended to reflect this. As sole traders or independent contractors, educators have significant overheads including, but not limited to: equipment; property maintenance; mortgages or rent; insurances (home and contents, public liability, health, personal accident/income protection, car etc); bookkeeping and accounting expenses; leave entitlements; and superannuation. When combined with

⁹ Letter to FDCA from the Department of Education and Training dated 9 December 2016.

¹⁰ Department of Education, Skills and Employment, Child Care in Australia report, September Quarter 2021.

the overheads of the approved service itself, the costs of running a quality family day care service in its entirety are certainly comparable to those of running a centre-based service.

It is important to note, as indicated in Table 3.4 of the Government's September 2021 Child Care in Summary Report (see Table 1), that a significant percentage of family day care services are charging above the fee cap, which is occurring to cover family day care service and educator operational costs and provide for adequate remuneration for educators. This is inarguably

attributable, in part, to the CCS fee cap not accurately reflecting the cost of delivering family day care in a range of circumstances, including but not limited to non-standard hours care. This is negatively impacting the out-of-pocket cost of family day care for families and significantly undermining the sector's viability.

It must also be noted that the percentage of family day care services charging over the fee cap continues to rise, moving over 10 percentage points from 21.2% to 31.8% from September 2019 to September 2021.

TABLE 1: NUMBER OF SERVICES CHARGING UNDER AND ABOVE THE CCS FEE CAP, SEPTEMBER 2021

SERVICE TYPE	FEE CAP (\$)	UNDER OR AT THE FEE CAP	ABOVE FEE CAP	TOTAL	% SERVICES ABOVE THE CAP
Centre-based Day Care	12.31	7,305	1,364	8,669	15.7
Family Day Care	11.40	288	134	422	31.8
Outside School Hours Care	10.77	4,107	565	4,672	12.1

“...the percentage of family day care services charging over the fee cap continues to rise, moving over 10 percentage points from 21.2% to 31.8% from September 2019 to September 2021.”

2.3 ADEQUATE REMUNERATION FOR FAMILY DAY CARE EDUCATORS

In October 2022, FDCA surveyed educator members in order to get a clear understanding of contemporary family day care educators' hours worked, fees charged, and average net income received.¹¹

Table 2 below presents a comparison of the hours worked and net incomes of centre-based care educators and family day care educators. The Children's Services

Award 2010¹² indicates that a Certificate III qualified employee at a centre-based care service, on a Level 3.3 award and after 2 years of service in the industry, which could be considered somewhat comparable to the base qualification requirement and role of a family day care educator, earns more than family day care educators and works less hours, on average. This is in part due to the CCS fee cap for family day care not appropriately remunerating family day care educators, who's income, as independent contractors, is directly correlated with the fee they are able to charge, unlike an employee under an award.

TABLE 2: COMPARISON OF HOURS WORKED AND NET INCOMES, CENTRE-BASED SERVICE EMPLOYEES AND FAMILY DAY CARE EDUCATORS

	CENTRE-BASED CARE EMPLOYEE	FAMILY DAY CARE EDUCATOR
Average hours worked (2022-23 Financial Year)	1,920 (40 hours per week)	2,116.8 (44.1 hours per week)
Net income per annum	\$51,981.4	\$49,167.65
Net income per week	\$999.64	\$945.53
Net income per hour	\$24.99	\$21.44

11 Based on 451 qualified responses – outliers removed.

12 Source: <https://awardviewer.fwo.gov.au/award/show/MA000120>

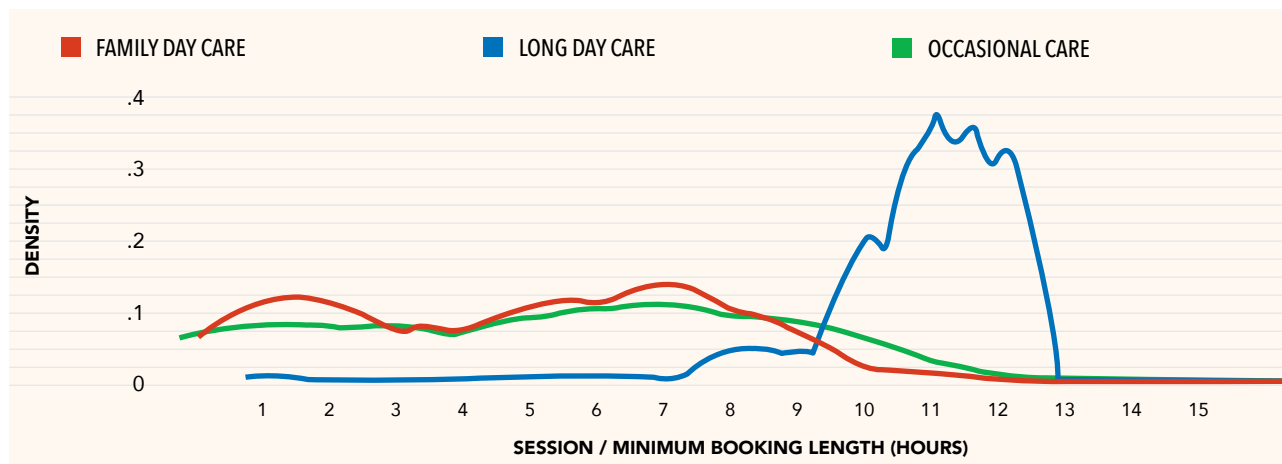
2.4 SESSIONS OF CARE AND ACTUAL USAGE

The mean fee for family day care is higher than centre-based day care as, generally, booked sessions of care for family day care are shorter and a closer reflection of actual usage. The existing cap calculation was predicated upon the assumption that family day care services typically charged for sessions of care that were “10-12 hours long”. However, the cleaner data set now available shows a much clearer picture. Recent research undertaken by the Australian Institute of Family Studies (AIFS),¹³ as depicted in Figure 1, indicates that unlike centre-based day care, family day care educators do not typically charge 10-12 hour sessions. In fact, the vast majority charge for 8-hour sessions or less.

Furthermore, family day care services are charging significantly closer to actual usage hours than centre-based care, as indicated by Table 6.2 of the June 2019 Child Care in Australia report,¹⁴ revealing that 22.7% of charged hours were not attended in family day care, as opposed to centre-based care where 36% of charged hours are not attended (see Table 3).

The standard ‘12-hour session’ charging practice within centre-based care essentially dilutes the hourly rate by spreading the ‘total cost’ across a full day. By contrast, in family day care, where charging practices more closely reflect actual usage, although the average hourly rate may be slightly higher, the total cost (and government investment) is markedly lower.

FIGURE 2: DISTRIBUTION OF SESSION LENGTHS OR MINIMUM BOOKING LENGTHS, BY SERVICE TYPE



Source: Australian Institute of Family Studies (AIFS) Child Care Package Evaluation: Early monitoring report (2019; 49)

¹³ Baxter, J., Budinski, M., Carroll, M., Hand, K., Rogers, C., Smart, J., Bray, J.R., Gray, M., Blaxland, M., Katz, I., & Skattebol J. (2019) *Child Care Package Evaluation: Early monitoring report*. (Research Report). Melbourne: Australian Institute of Family Studies.

¹⁴ Please note, we use the 2019 data set as it has not been included in any subsequent editions of the Department of Education's Child Care in Summary Report.

TABLE 3: AVERAGE WEEKLY HOURS (PER CHILD) - CHARGED HOURS AND ATTENDED HOURS BY SERVICE TYPE, JUNE QUARTER 2019

SERVICE TYPE	CHARGED HOURS	ATTENDANCE HOURS	% OF CHARGED HOURS NOT ATTENDED
Centre-based Day Care	29.7	19.0	36%
Family Day Care	24.2	18.7	22.7%
Outside School Hours Care	11.1	6.2	44.1%

2.5 DELIVERY OF NON-STANDARD HOURS CARE

Family day care is the primary regulated and Commonwealth approved ECEC option of care during non-standard hours, including evenings, weekends and overnight.

This type of care is increasingly important for Australian working families and their communities. FDCA members who offer non-standard hours care tell us their service is highly valued in their communities and meets the needs of a range of families, in particular shift workers from a range of industries, for example aged care staff, disability support workers, nurses, paramedics, police officers. Family day care also services other important cohorts that require non-standard care, including single parents and grandparents, business owners needing to work weekends, families where both parents work in an owner operated business together, and importantly children transitioning from the care of emergency or state child protection services. The continued availability of regulated, high quality non-standard hours ECEC is exceptionally important for these groups.

Consultation with FDCA members in October 2022¹⁵ indicates that fees charged for non-standard hours are

significantly higher than those for standard hours, with the average hourly fee for non-standard hours family day care (excluding overnight and weekend care) being \$13.56. The average fee charged for non-standard hours care, including overnight and weekend care, is \$15.10. However, it should be noted that if the cost of family day care delivered on weekends alone were considered, which is one of the most common forms of non-standard hours care delivered by the sector, then the average fee charged would increase to \$16.65.

Clearly, the current CCS fee cap for family day care is not adequately recognising the actual cost of delivering family day care in non-standard hours care, and as such, is not allowing for family day care educators to be appropriately remunerated for the important work they do and/or disincentivises the provision of this care type. The impact of delivering this form of care on a family day care educator and their family is significant and this is not currently recognised by the child care family assistance payments framework. Importantly, this lack of recognition is also increasing out-of-pocket costs for families who need this type of care.

See the case study below for an example of the cost of non-standard hours family day care in a socio-economically disadvantaged area.

¹⁵ Survey of FDCA Educator members, October 2022: 451 qualified responses – outliers removed.

 **CASE
STUDY****NON-STANDARD HOURS FAMILY DAY CARE CASE STUDY**

Educator, Burnie, TAS

"L" is a passionate family day care educator who has been working in the sector since 2004. She holds Diploma and Certificate III qualifications in Early Childhood Education and Care and is registered with a service to provide care 24/7.

Care provided:

In response to the needs of her families, and following successful registration through her service, L has provided care during standard and non-standard hours, including weekends, evenings and overnight almost as soon as she began in the sector. When L provides overnight care she only accepts a maximum of 3 children.

Flexibility and high quality of care are important features of her business and as a result she has never been other than fully booked in that whole time. The deep connections and strong bonds that L develops with the children she has cared for over the years, and with their families, is evident in that these connections have endured well beyond the child care years in many instances.

Types of families supported:

In Burnie, there is a strong need for flexible hours' care in the area to support people who work in a wide range of occupations and professions, especially single parents who have no family close by. Shift workers often work a rotating roster; some may only work night shift and others are on call. Her clients mostly work as:

- Nurses and support staff at the local hospital
- emergency professionals such as paramedics and on call hospital staff
- factory workers
- miners

Child protection authorities have also used L's services when there is an urgent need to place a child in care due to families experiencing a crisis.

Fees charged:

- standard hours Mon-Fri (8 am – 6 pm): \$10 ph
- extended hours Mon – Fri (6 am – 8 pm) : \$13 ph outside standard hours
- overnight care Mon – Fri (8 pm – 6 am): \$ 17 ph
- weekend and public holiday care (daytime) : \$18 ph
- weekend / public holiday overnight: \$19.50 ph

Meals are charged separately. School pickup and drop-off also provided free of charge if a child stays overnight. L sometimes picks up from centre-based day care service if a child staying overnight.

L would greatly welcome an increase in the CCS cap for non-standard hours family day care as it would significantly lessen out-of-pocket expenses for families that need this type of care.

3. DEPARTMENT OF EDUCATION HOURLY RATE CAP CONSULTATION 2022

3.1 ACCESSIBILITY, AFFORDABILITY, SUSTAINABILITY AND UNINTENDED CONSEQUENCES

In relation to the impact of the introduction of the CCS and the hourly fee cap rates on affordability and accessibility for families, FDCA must largely defer to the extensive research undertaken by the Australian Institute of Families (AIFS) through the Child Care Package Evaluation: Final Report.¹⁶ In summary, in reference to the Child Care Package as a whole (of which the CCS, and hence the cap rates, are the major component) the report suggests that:

- "...the introduction of the Child Care Package has had little impact on the accessibility or flexibility of child care provision" (v);
- "Analysis of data at the time of the implementation of the CCS and the following 18 months shows no marked changes in access to child care" (v);
- "Fees charged by services have increased at a similar rate following the introduction of the Package to what they were before the changes ... the subsidy fees cap is regularly exceeded by services. This suggests that the Package has not been effective, to date, in reducing increases in child care fees" (vi).

Significantly, for the purposes of this review, it is clear that if the CCS fee cap is not appropriately reflecting the actual cost of family day care, parents are unnecessarily paying higher gap fees in those instances where educators must charge fees higher than the fee cap in order to remain financially viable. However, the key point for family day care specifically that must be reiterated is that given the hourly fee cap has a direct correlation with family day care educators' capacity to be adequately remunerated, there must be a balance between consideration of the impact of the fee cap on families' ECEC affordability and the fee cap's capacity to adequately remunerate educators, as this is pivotal to an educator's willingness to remain in the sector, and thus the sector to remain viable and grow, which in turn will increase accessibility for children and families.

Through extensive consultation, FDCA is aware that a significant reason for educators exiting the sector over recent years is that the work is often underpaid, which is in part a result of the CCS fee hourly cap not being set at an appropriate level.

In terms of declining educator numbers, FDCA's quarterly Family Day Care Sector Profile¹⁷ reports show that over the past 4 years, since the commencement of the Child Care Package there has been a 25.2% decrease in the number of approved services and a 33.0% decrease in the number of educators.

Logically, these numbers clearly correlate with a comparable decline in the number of children and families able to access family day care. In September 2018, there were 131,600 children and 89,160 families utilising family day care. In September 2021, there were 90,450 children and 64,390 families using family day care. This represents a decline of an astounding 31.3% children and 27.8% of families accessing family day care.

While we acknowledge the impact of fraudulent operators on the sector over the past few years, and have been an advocate for proportionate reform, the long-term viability of legitimate family day care services is now being jeopardised by the sustained decrease in the sector. While there are a number of interrelated reasons for this decrease, including the cumulative effect of an increased regulatory and compliance burden on sustainable growth and financial viability, the issue of adequate educator remuneration (which again, for family day care educators, hinges directly on the level of the CCS hourly fee cap) is leading to a reduction in the availability of flexible and affordable ECEC for Australian families, overall and specifically during non-standard hours, for which family day care is virtually the only provider.

Despite common misconception, this decline is no longer a function of governments justifiably cancelling the approvals of unscrupulous operators but is in fact the demise of many of our sector's oldest and most respected services. Table 4 below provides a small sample snapshot as evidence of the dire state of our sector.

¹⁶ Bray, J. R., Baxter, J., Hand, K., Gray, M., Carroll, M., Webster, R., Phillips, B., Budinski, M., Warren, D., Katz, I., Jones, A. (2021). Child Care Package Evaluation: Final Report. (Research Report). Melbourne: Australian Institute of Family Studies.

¹⁷ Available online at familydaycare.com.au/representing-you/sector-profile

TABLE 4: SAMPLE OF ESTABLISHED FAMILY DAY CARE SERVICE CLOSURES AND DECLINING EDUCATOR NUMBERS, 2022

SERVICE NAME	SERVICE PROFILE	CRISIS STATUS
Mission Australia Family Day Care	3 services, 2 in Western Sydney and one in Tasmania. Across the 3 services, in July 2019 Mission Australia Family Day Care had 207 educators operating.	Closed July 2022
City of Casey Family Day Care	Long-standing council service in Narre Warren Victoria operating for over 25 years prior to closure. In 2019 City of Casey Family Day Care had more than 200 educators and over 2,000 children using the service.	Closed November 2021
Churches of Christ Family Day Care	Churches of Christ Care was the first family day care scheme in the Wide Bay Region, establishing in January 1979. 878 children affected in Cunnamulla, Gin Gin, Hervey Bay, Maryborough and Brisbane.	Closed June 2022
Mornington Peninsula Family Day Care	Long-standing council service in Mornington Peninsula and Frankston, Victoria, operating for over 25 years prior to closure. 145 families and 183 children affected.	Closed June 2021
Kath Dickson Family Day Care	One of the first family day care services in Australia - a not-for-profit, community-based service established in 1975 operating in Toowoomba, South West Queensland and the Sunshine Coast.	Number of educators: July 2019: 83 June 2022: 30 % decline: -63.9%
Uniting Education Family Day Care	Not-for-profit church-based service established in the mid-1980s in the Brisbane area.	Number of educators: July 2019 - 67 June 2022 - 37 % decline: -44.7%
Bright Futures Family Day Care	Community based not-for-profit established in 1988 operating in the Kwinana area, WA.	Number of educators: July 2019 - 103 June 2022 - 62 % decline: -39.8%
Northern Rivers Family Day Care	A community based not-for-profit service that has been operating since 1980 in the Lismore up to Tweed Heads area.	Number of educators: July 2019 - 153 June 2022 - 94 % decline: -38.6%
Coastwide Family Day Care	Community based not-for-profit established in 1983 operating in the Central Coast region.	Number of educators: July 2019 - 173 June 2022 - 119 % decline: -31.2%

The decline in educator numbers, and subsequent impact on approved service viability, and hence impact on accessibility overall, is clearly a significant and potentially catastrophic unintended consequence of the inequitable and miscalculated CCS fee cap for family day care, which is without doubt a significant contributing factor to this trend.

4. RECOMMENDATIONS

It is clear that there is a sound evidence base that supports the case for raising the CCS hourly fee cap for family day care. As such, FDCA is strongly advocating for the application of the following recommendations.

4.1 RAISE THE HOURLY CCS CAP RATE FOR FAMILY DAY CARE

FDCA is urging the Australian Government to invest in supporting the future viability of the family day care sector through the application of an appropriate formula for the calculation of the CCS hourly fee cap for family day care, that is, that which is applied to the centre-based day care fee cap calculation (i.e. applying a 17.5% loading to the projected mean) which would more adequately reflect the actual cost of standard hours family day care service provision. If this was applied to family day care, based on the Department of Education's September 2021 calculation average fee, the fee cap for family day care would sit around \$12.98, which is just slightly higher than the current CCS fee cap afforded to centre-based day care and outside school hours care. That being said, it should be noted again that FDCA's October 2022 survey of 451 educator members produced an average standard hours fee of \$12.78 (outliers removed).

While it is evident that the current average hourly fee for family day care is greater than that of centre-based care, FDCA would also support parity in the CCS hourly fee cap between the two service types as this would be beneficial to the Australian consumer, would better reflect the actual cost of providing family day care and would not prejudice any of the approved ECEC service types that provide ECEC under the *Education and Care Services National Law Act 2010*.

The evidence is clear. The CCS hourly fee cap for family day care must be recalculated. Its current calculation is based on a flawed and outdated rationale, it does not appropriately reflect the cost of delivering family day care, it is placing the sector in an inequitable market disadvantage position and is contributing to the decline of educator numbers in the sector, which has a flow on effect onto both approved service viability and accessibility to flexible approved ECEC for children and families.

4.2 ADDITIONAL LOADING FOR NON-STANDARD HOURS FAMILY DAY CARE

The current CCS cap is not only inappropriate for *standard hours* family day care, as outlined above, it is vastly inadequate in the case of *non-standard hours* care which, in many cases, costs significantly more than care that is delivered in standard hours.

FDCA therefore urges the Australian Government to also invest in the provision of non-standard hours care provided by the family day care sector by applying an additional loading of 20% to the recalculated CCS fee cap for non-standard hours family day care. This measure will more appropriately reflect the actual cost of delivering this type of care, thereby ensuring that educators who provide this type of care are adequately remunerated and the future viability of this type of care is safeguarded. Family day care is a natural option of choice for families seeking ECEC in non-standard hours, given the flexibility offered that cannot be replicated in a centre-based setting, the small numbers in a family day care setting as well as the strong connections and personalised ECEC experience that it affords children.

It should be a priority for governments to incentivise and adequately remunerate this type of family day care service delivery given it is the primary regulated and Commonwealth approved ECEC option that can cater for non-standard hours and there is an increasing need for families to access this type of care due to the changing nature of the Australian workforce and communities.¹⁸

Implementation of this recommendation would result in (based on the base-level CCS fee cap for family day care having already increased to \$12.74, on par with centre-based care) the CCS fee cap for non-standard hours family day care being raised to \$15.29, which would appropriately reflect the actual cost of service delivery and alleviate the additional out-of-pocket costs for families that have no option but to access this form of vital care.

¹⁸ Productivity Commission (2014: 198) *Childcare and Early Childhood Learning*, Inquiry Report No. 73, Canberra.

**FOR MORE INFORMATION ABOUT THIS SUBMISSION
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