

# Family Day Care Australia

Submission to  
**COMMONWEALTH OF AUSTRALIA**  
**(DEPARTMENT OF SOCIAL SERVICES)**

## Regulation Impact Statement Child Care Assistance Package

July 2015



Family DAY CARE AUSTRALIA

# Table of contents

<b>Foreword</b>	<b>3</b>
<b>Executive summary</b>	<b>5</b>
<b>The Child Care Subsidy and review of the cap</b>	<b>8</b>
<b>Family eligibility for the Child Care Subsidy</b>	<b>10</b>
• Activity test for eligibility for the Child Care Subsidy – recognised activities	11
• Allowable absences	13
<b>Service eligibility for the Child Care Subsidy</b>	<b>14</b>
• Approval process and suitability to operate a service	15
• Priority of Access	17
<b>Child Care Safety Net</b>	<b>18</b>
• Additional Child Care Subsidy	19
• Community Child Care Fund	20
• Inclusion Support Programme	22
<b>Child Care ICT system to support child care reforms</b>	<b>24</b>
<b>Nanny Pilot Programme (Interim Home Based Carer Subsidy Programme)</b>	<b>26</b>

# Foreword

## About Family Day Care Australia

Family Day Care Australia (FDCA) is a national peak body which supports, resources and advocates for family day care services and educators. Our role is to provide resources to and promote family day care services to ensure the strength and continued growth of the sector in Australia, to support high quality learning and developmental outcomes for children. FDCA has approximately 28,000 members, representing over 800 approved service members and over 27,000 educators.<sup>1</sup> FDCA takes a rights-based approach to all research, policy development and advocacy work it undertakes, underpinned by a strong commitment to the UN Convention on the Rights of the Child.

## About family day care

Family day care is a form of regulated Early Childhood Education and Care (ECEC) which takes place in the educator's home. Family day care educators are ECEC professionals, registered with a family day care 'approved service' that is responsible for registering, supporting, training, monitoring and advising its educators. The approved service administers a 'coordination unit', which employs administrative staff as well as coordinators; field staff who actively support and monitor educators in their work.

Family day care operates under the National Quality Framework for Early Childhood Education and Care (NQF); incorporating national regulations, quality and qualification standards, educational frameworks and an assessment and ratings process. Family day care services are Child Care Benefit (CCB) approved under Family Assistance Law, making it eligible for Federal Government CCB and Child Care Rebate (CCR) subsidies.

The family day care sector provides flexible ECEC across both standard and non-standard hours, and is regulated under the Education and Care Services National Law and Regulations, thereby meeting the requirements defined in the National Quality Standard (NQS). Family day care is provided across Australia, including in rural and remote communities where in some instances, family day care is the only

approved form of ECEC available to families. Family day care provides experiences which reflect the diversity of the communities in which they operate.

Family day care provides early childhood education and care services for children across Australia, and educators work with small groups of no more than four children under school age. An educator may care for an additional three school aged children outside of school hours. The majority of family day care educators are self-employed, working as sole traders, with a small percentage engaged as employees by the approved service.

Educators are required, under the Education and Care Services National Regulations, to hold (or be actively working towards) a Certificate III in Early Childhood Education and Care (or equivalent) and coordinators are required to have a Diploma in Children's Services (or equivalent), as a minimum qualification.

Family day care supports more than 110,000 families across Australia, providing early childhood education and care for 192,510 children. This accounts for approximately 16.6 per cent of the ECEC sector. The number of families using family day care has increased by 25.6 per cent since the June quarter 2013.<sup>2</sup>

1. FDCA administrative data, figures as at 24 July 2015.

2. Department of Social Services, *Child Care and Early Learning in Summary*, June Quarter 2014.

# Executive summary

Family Day Care Australia (FDCA) appreciates the opportunity to respond to the Commonwealth of Australia (Department of Social Services) Regulation Impact Statement on the new Child Care Assistance Package (the RIS). Overall, FDCA welcomes the early childhood education and care (ECEC) reforms proposed by the Government. The guiding principles of affordability, accessibility and flexibility driving the reform are timely and if achieved, will benefit families, children and communities enormously. FDCA strongly believes that in assessing the merits of changes to funding programmes, the impact on and outcomes for children must be the paramount consideration.

## Summary of recommendations

### Child Care Subsidy and 'cap'

The proposed Child Care Subsidy model itself is fair, to those that are eligible. However FDCA is concerned that the RIS has omitted the assessment of the impact of the proposed subsidy hourly fee cap ('the cap') on children, families and the early childhood education and care sector.

FDCA is concerned with the potentially adverse differential treatment in the calculation of the cap between service types; however we acknowledge that certain regulatory, funding and compliance scenarios can cause inflation in market prices by service type. Taking this into account FDCA recommends that the cap should be subject to periodic independent reviews. The review should assess the impacts on accessibility, affordability and quality of early education and care and should consider possible improvements to the methodology for deriving the cap price.

### Community Child Care Fund

Throughout the RIS, it is evident that compliance issues and 'sharp practices' are a significant priority driving funding programme change. However, FDCA is concerned increased regulatory scrutiny is inappropriately impacting the funding policy development and punishing the family day care sector through apparent exclusion. FDCA recognises the need to strengthen eligibility criteria and to target funds; however, excluding family day care

almost entirely from programmes such as the Community Child Care Fund (CCCF) which are competitive grant programmes, is punitive and will disproportionately affect the most vulnerable children and their families.

FDCA strongly encourages the Government to reconsider family day care eligibility under the CCCF. Family day care's absence from this competitive grant programme, particularly elements one and two, fails to recognise that family day care services, being smaller and more flexible, may be best suited to provide care in disadvantaged communities. In many instances family day care can provide programmes in a more efficient, effective and economical manner compared to larger centralised service providers with more limited operational requirements and less flexibility.

### Inclusion Support Programme

FDCA believes that the family day care model is ideally placed to include children with additional needs. FDCA supports the Government's undertaking to continue payments to family day care in recognition of the additional care and attention required by a child or children with ongoing high support needs in their care and the impact of this on the educators.

### Activity test

FDCA does not support the proposed activity test and is particularly concerned with the negative effects that disengagement with the ECEC system will have on vulnerable children as a result of limiting access to ECEC fee assistance through a parental activity test. FDCA believes that there should be minimum hours of access to subsidised care that is not subject to an activity test in ECEC funding.

### Allowable absences

FDCA does not support the proposed changes to allowable absences outlined in the RIS and would advocate for no change. FDCA argues to maintain the current system of allowable absences with 42 days irrespective of usage with capacity to extend.

### **Service eligibility, approval process and suitability to operate a service**

FDCA supports, in principle, the approaches to align the service approval process with the National Quality Framework with an Approved Provider assessment and Approved Service assessment including ability to impose conditions on approvals and a probationary period for new providers and services. FDCA would also support the strengthening of suitability of applicant criterion, but would like to highlight that any additional regulatory oversight or mechanisms in the new subsidy legislative framework should be for the purpose of administering the subsidy and safeguarding public funds; and should not duplicate state and territory regulatory functions.

### **Priority of Access**

FDCA argues to maintain the existing Priority of Access (POA) Guidelines but recommends that the Department of Social Services ('the Department') provide greater guidance for services on how best to utilise them. FDCA further recommends that POA guidelines be managed through a process of monitoring and reporting as opposed to 'enforcement'.

### **Additional Child Care Subsidy**

FDCA welcomes the continuance of the 'at risk' and 'financial hardship' categories, as well as the higher subsidy rate of child care for parents transitioning to work. FDCA advocates for broad definitions for the 'at risk' and 'financial hardship' categories, supported by clear guidance material in how to practically apply the definitions.

### **Nanny Pilot Programme**

The RIS fails to discuss the potential impacts with regards to the proposed Nanny Pilot Programme (Interim Home Based Carer Subsidy Programme), which will affect up to 10,000 children. FDCA is concerned that the Nanny Pilot Programme is not subject to the National Quality Framework and that nannies are not required to have qualifications. FDCA cautions the Government that they are

entering new regulatory territory by taking on responsibility for this pilot, and reiterates that the health, safety and wellbeing of children should always be paramount.



# The Child Care Subsidy and review of the cap



FDCA welcomes the intention to streamline the current Child Care Subsidy into a single child-based subsidy paid directly to services. The subsidy model is fair, to those that are eligible and FDCA broadly supports the proposal to means-test it to meet between 85 per cent and 50 per cent of the deemed cost of ECEC as charged by the service. This will ensure that every parent contributes and receives support in an equitable manner.

FDCA is concerned that the RIS has omitted the assessment of the impact of the proposed Child Care Subsidy hourly fee cap ('the cap') on children, families and the early childhood education and care sector. Our concerns around the omission are further heightened by Departmental responses to recent 2015-16 Budget Estimates questions on notice relating to the impact of the cap on families; which indicate that the Department is yet to assess the impact and has no plans to do so.<sup>3</sup>

The cap will be \$11.55 for centre based long day care, \$10.70 for family day care, and \$10.10 for outside school hours care. The cap has been based on the projected mean price at the time of implementation of the subsidy plus 17.5% for Long Day Care and Out of School Hours Care and 5.75% for Family Day Care.<sup>4</sup> The Australian Government has provided little guidance as to reasoning behind the methodology for determining the cap.

FDCA is concerned with the potentially adverse differential treatment in the calculation of the cap between service types; however we acknowledge that certain regulatory, funding and compliance scenarios can cause inflation in market prices by service type. Taking this into account FDCA recommends that the cap should be subject to periodic independent reviews. The review should assess the impacts on accessibility, affordability and quality of early education and care and should consider possible improvements to the methodology for deriving the cap price.

FDCA would recommend that the review process be undertaken at arm's length from government (such as by an independent statutory body)

and be provided for in the governing act of the subsidy. Ideally the first review would occur before commencement of the Child Care Subsidy.

The cap calculation and its governance are the keystones of the subsidy model and the integrity of the system, which relies upon them. Sector and parent confidence in the proposed hourly fee caps needs to be established through processes that are open and transparent but to date this has not occurred. FDCA strongly advocates that this requires an institutional and governance framework around the process for implementing and updating the cap that is rigorous and independent.

3. 2015-16 Budget Estimates, Social Services Portfolio, SQ15-000530; SQ15-000458.

4. The Hon Scott Morrison MP, *Media Release: Job for Families child care package delivers choice for families*, 10 May 2015.

# Family eligibility for the Child Care Subsidy

# Activity test for eligibility for the Child Care Subsidy – recognised activities

## Implementation options

- 1.1 No change – aligned to recognised activities for the Child Care Benefit and Child Care Rebate work, training, study test.
- 1.2 Defined range of activities with some activity types having restricted access of only up to 18 hours per week (36 hours per fortnight).
- 1.3 Defined range of activities with some time limits on how long some activities are acceptable.
- 1.4 Combination of Options 1.2 and 1.3.

FDCA does not support the proposed activity test outlined in options 1.2-4 and would advocate for no change under option 1.1. FDCA is particularly concerned with the negative effects that disengagement with the ECEC system will have on vulnerable children as a result of limiting access to ECEC fee assistance through a parental activity test. FDCA believes that there should be minimum hours of access to subsidised care that is not subject to an activity test in ECEC funding.

The proposed activity test goes against international best practice, with several comparable OECD countries providing free or low-cost early childhood education to all families, regardless of employment status. Such a trend has developed in recognition of the fact that early childhood education is likely to result in substantial benefits for the child and the economy many years into the future.<sup>5</sup>

Over 60 per cent of family day care educators and services surveyed believe that the existing activity test is fair and should be maintained.<sup>6</sup>

Furthermore, the proposed three tier system may disincentivise services to accept children on lower tiers of fee assistance in favour of those with higher hours, potentially neglecting the most vulnerable children.

5. Deborah Brennan, Elizabeth Adamson, *Baby Steps or Giant Strides?*, The McKell Institute, June 2015 p.55.

6. Throughout July 2015, FDCA undertook widespread sector consultation issuing three online surveys to family day care services and educators ((total n= 250) convening an FDCA Service Reference Group meeting and holding discussions with state and territory peak bodies. Quotes and percentages referenced here relate directly to online survey responses.

“All families should be able to access affordable child care. It not only gives children opportunities to socialise outside of their own home with other adults, but it also allows parents to have time to themselves which is good for mental health.”

Family day care service provider

### Recognised activities

The proposed list of recognised activities is comprehensive; however, FDCA’s sector consultation highlighted some concerns. Several of the proposed activities include variable and arbitrary time-limits. FDCA believes that all activities should be linked to hours of activity - particularly in the case of voluntary employment such as, for instance internships, which in many cases can equal or exceed the number of hours of regular paid employment.

Similarly, in the case of setting up a new business, six months will likely not be enough time to establish this business and so the restriction should be lengthened to at least one year.

Overall, the proposed activity test including various timeframes for recognised activities adds a complicated administrative layer to the proposed system that undermines the Government’s intention to solve one of the current system’s chief challenges: complexity.

### Exemptions

Sector consultation indicated a majority of services and educators believed the existing list of exemptions to be fair and 63 per cent of educators believed that the current list should be retained.

FDCA argues that, in particular, those in receipt of a Disability Support Pension (DSP) or Carer Payment (CP) or Allowance should remain exempt from the activity test and their access to early childhood education and care should not be restricted.

FDCA believes that access to quality ECEC should be available and supported for all families, particularly vulnerable members of the community such as non-parent primary carers, DSP and CP recipients.

### (In relation to exemptions:)

“How are the above groups of people able to look after the children on a full time basis without assistance?”

Family day care educator

# Family eligibility – allowable absences

## Implementation options

- 2.1 No change – 42 days irrespective of usage with capacity to extend.
- 2.2 Align allowable absences to number of hours entitled to with an addition of up to 12 days for public holidays if care is provided on those days.
- 2.3 Align allowable absences to number of hours entitled to with an addition of up to 12 days for public holidays if care is provided on those days with capacity to approve additional days through an application process.

FDCA does not support the proposed changes to allowable absences outlined in options 2.2-3 and would advocate for no change under option 2.1. FDCA argues to maintain the current system of allowable absences with 42 days irrespective of usage with capacity to extend. 80 per cent of family day care services surveyed believe that the existing number of allowable absences is fair.

Sector consultation also indicated that aligning allowable absences with activities undertaken would be impractical in application. For instance, if a child were to fall sick and use up their eleven day allotment early on in the year they would then be penalised for any absences thereafter.

The RIS indicates that the current system has not been subject to overuse or abuse, with only 3 per cent of families using more than 40 allowable absences a year.<sup>7</sup> Implementing a tiered system of allowable absences would add a confusing, complex layer of additional administrative burden for families and services that is likely unnecessary.

7. Commonwealth of Australia (Department of Social Services), *Regulation Impact Statement, Child Care Assistance Package*, 2015, p. 53.

# Service eligibility for the Child Care Subsidy

# Approval process and suitability to operate a service

## Implementation options

- 3.1 No change – each service is approved for the purposes of the Child Care Benefit.
- 3.2 Align process with National Quality Framework with an Approved Provider assessment and Approved Service assessment including ability to impose conditions on approvals.
- 3.3 Same as Option 3.2 with the addition of being able to apply a probationary period for new providers and services.
- 4.1 No change – maintain existing eligibility criteria for assessment of suitability to operate a child care service.
- 4.2 Strengthen eligibility requirements including capacity to require additional information, particularly with respect to financial management capability.
- 4.3 Same as for Option 4.2 with the introduction of the ability to apply a probationary period.
- 4.4 Same as for Option 4.2 with the ability to reassess suitability at any time.
- 4.5 Both Options 4.3 and 4.4.

FDCA supports, in principle, the approaches in options 3.3 and 4.5 subject to certain caveats summarised below. As outlined in the *National Partnership Agreement on the Quality Agenda for Early Childhood Education and Care* states and territories are tasked with the primary regulatory function surrounding early childhood education and care service delivery.<sup>8</sup> FDCA would like to highlight that any additional regulatory oversight or mechanisms in the new subsidy's legislative framework should be for the purpose of administering the subsidy and safeguarding public funds; and not duplicate state and territory regulatory functions.

## Probationary periods

FDCA supports in principle the introduction of a probationary period on new providers. Of FDCA service members surveyed, 87.5 per cent supported a probationary period for new providers. The RIS is ambiguous as to the nature and application of the probationary period and FDCA would recommend if option 3.3 is adopted, that the probationary period be applied to new providers and the corresponding service only.

Providers should be subject to increased oversight in that period as opposed to the arbitrary application of restrictive operating conditions and the responsible department should have sufficient resources to provide that additional oversight. It would be practical throughout the probationary period for the department to have the power to reassess the suitability of the applicant at any time.

FDCA would not support the introduction of additional operational conditions on services without

8. Council of Australian Governments, *National Partnership Agreement on the Quality Agenda for Early Childhood Education and Care*, Clause 23a.



a non-compliance event. Currently, all state and territory regulatory authorities impose a range of operational conditions on new services. As at 22 July 2015, over 55 per cent of family day care services are subject to an operational condition on their service approval i.e. minimum educator to co-ordinator ratios and educator caps.<sup>9</sup> It would be onerous and potentially duplicative if the Australian Government was to then add additional operational conditions on top of the relevant regulatory authorities' from the outset.

#### **Strengthening of suitability of applicant criterion**

The RIS proposes strengthening the current 'suitability of applicant' criterion for CCB approval purposes under section 7 of the *Child Care Benefit (Eligibility of Child Care Services for Approval and Continued Approval) Determination 2000*. FDCA would support the strengthening of suitability of applicant criterion, but limited to financial management capabilities of the applicant.

<sup>9</sup>. As outlined in the Australian Children's Education and Care Quality Authority's National Register. Note this figure does not include family day care services that only have conditions related to operating in a bushfire risk area.

# Priority of Access (POA) requirements

## Implementation options

- 6.1 No change – maintain existing POA requirements associated with service eligibility.
- 6.2 Remove POA requirements, but work with states and territories to ensure access to places for children at risk of serious abuse or neglect (e.g. temporary exemption from capacity restrictions).
- 6.3 Change POA to focus only on children at risk of serious abuse or neglect (who attract the Additional Child Care Subsidy) and children whose parents are working.

FDCA supports Option 6.1, to maintain the existing POA requirements as a guideline for access without strict enforcement. 64 per cent of family day care services surveyed find the POA guidelines useful and 60 per cent selected to maintain them. However, services noted that this is often dependent on the capacity of the service to deliver quality care and ultimately, ensure the best interests of the child are paramount.

Opinion within the sector is divided as to whether POA requirements should apply to vacancies only or whether services should require a parent to surrender their place in order to give a place to a high priority child. In light of this, FDCA argues to maintain the existing guidelines but recommends that the Department provide greater guidance for services on how best to utilise them. The guidance should take into account service type operational differences.

FDCA further recommends that POA guidelines be managed through a process of monitoring and reporting as opposed to 'enforcement'. Monitoring could be conducted by services through the existing CCMS system or the proposed ICT system. This would ameliorate any concerns held by the Department as to the application of the POA guidelines as an effective tool to for providing priority access to families with the greatest need for child care.

# Child Care Safety Net

FDCA is concerned that there are vulnerable children who might 'fall through the gaps' and not receive the assistance they need by not meeting the criteria for additional support under either the new Inclusion Support Programme or the Additional Child Care Subsidy.

Examples may include children with undiagnosed developmental delays, or where it has been identified that a child would benefit significantly from a care environment educationally and socially, but the family is not sufficiently facilitated access on to the new child care funding framework.

"I believe children from indigenous families and those who are just financially disadvantaged need more assistance as well as those families with children who have not been diagnosed with a disability but have obvious problems."

Family day care service provider

## Additional Child Care Subsidy

FDCA welcomes the continuance of the 'at risk' and 'financial hardship' categories, as well as the higher subsidy rate of child care for parents transitioning to work.

FDCA advocates for broad definitions for the 'at risk' and 'financial hardship' categories, supported by clear guidance material in how to practically apply the definitions.

### **Additional Child Care Subsidy - 'At risk'**

FDCA supports a national definition that would encompass all State and Territory interpretations of an 'at risk' child and would allow for the broadest definition of 'at risk'.

FDCA believes the Government's proposed definition as "a child who is at risk of experiencing physical assault, sexual assault, psychological/emotional abuse (including witnessing or being exposed to domestic violence) or neglect (e.g.

malnutrition, lack of medical care)" needs to include children whose parents have mental health issues (including, but not limited to, post natal depression and post traumatic stress syndrome), refugee children, children left unattended, vulnerable children, children with undiagnosed developmental delays and children from families receiving intensive family support.

"This benchmark is too high. Children from families who are receiving intensive family support should be eligible before they get to the 'at serious risk' mark. Family day care can do a superb job working with children, families and caseworkers to support families to be preserved before things reach a crisis point."

Family day care service provider

### **Additional Child Care Subsidy - 'temporary financial hardship'**

FDCA supports a broad definition of 'temporary financial hardship' as families experiencing significant financial stress due to exceptional circumstances and advocates for a non-exhaustive list of examples to assist services in determining eligibility, including but not limited to: sudden and unexpected death of a spouse/partner or child; unexpected loss of employment or natural or other disaster; drought, short- and long-term illness of parent or sibling; women escaping domestic violence; and a family where a member has been incarcerated.

"The definition states examples of what would be included. I like this as it gives flexibility if someone has unusual circumstances."

Family day care service provider

# Community Child Care Fund

Throughout the RIS, it is evident that compliance issues and sharp practices are a significant priority driving funding programme change. Family Day Care Australia unequivocally supports compliance activity that effectively eradicates unscrupulous operators from using ECEC as a vehicle for fraudulent behaviour. There is no place for this behaviour in our sector and we actively support the push towards increased compliance within the ECEC sector.

However, FDCA is concerned increased regulatory scrutiny is inappropriately impacting the funding policy development and punishing the family day care sector through apparent exclusion. It is clear from the RIS that one of the intended consequences is to limit the funding pool available to disadvantaged communities to clamp down on compliance issues. The RIS states, "(...)These issues include sharp practices targeting certain assistance programmes and some programmes where either due (to) these practices or poor targeting, funds have flowed to services and families outside their intended purposes (e.g. Special Child Care Benefit and the Community Support Programme)."<sup>10</sup>

FDCA recognises the need to strengthen eligibility criteria and to target funds; however, excluding family day care almost entirely from programmes such as the Community Child Care Fund (CCCF), which are competitive grant programmes, is punitive and will disproportionately affect the most vulnerable children and their families.

Minister for Social Services the Hon. Scott Morrison has previously stated that the CCCF "will take over responsibilities from the Community Support Programme (CSP)".<sup>11</sup> Under the proposed CCCF, family day care will be ineligible to access six out of the seven funding components. Such a move severely undercuts two key stated functions of the new Package: affordability and flexibility. Currently, approximately 20 per cent of family day care services access CSP but this funding will cease in 2017.<sup>12</sup> Without it many of these services will, in all likelihood, be forced to close; affecting children and families in predominantly rural and remote areas.

At a time when the early childhood education and care sector is undergoing tremendous change with operational support funding cuts and increased regulatory burden under the National Quality Framework Review, family day care will experience significant market disadvantage without equal access to grant programmes. Inequitable funding support will further limit the availability of family day care services in disadvantaged areas and as a result, will restrict parents' choice with regard to the range of care available.

FDCA recognises the importance of lowering community-level barriers for disadvantaged children to access child care and appreciates many of the elements put forth in the CCCF. However, the apparent exclusion of family day care from many of the major components of the CCCF stands in contradiction to the Government's own guiding principles underpinning the new Package of accessibility and flexibility. Furthermore, it limits the Government's own perceived net benefit of this programme of "increased access to quality education and care by children from disadvantaged backgrounds (through a greater focus on supporting services cater to these children) (...)."<sup>13</sup>

FDCA strongly encourages the Government to reconsider family day care eligibility under the CCCF, particularly with respect to elements one and two, family day care is well suited to deliver ECEC in areas of disadvantage as evidenced in greater detail below.

## Element 1 - Community support in disadvantaged areas

Two-thirds of family day care services surveyed undertake outreach and integration activities in communities and such activities can include playgroups, mothers' groups, community events and parent information seminars (amongst others). However, 72 per cent of family day care services surveyed would like more funding to specifically engage in community activities in disadvantaged areas. According to our members, these types of activities directly contribute to increased participation of children in disadvantaged communities and it is clear that services see the value of community outreach as a mechanism to engage some of the most vulnerable families.

10. Commonwealth of Australia (Department of Social Services), *Regulation Impact Statement, Child Care Assistance Package*, 2015, p. 37.  
11. The Hon Scott Morrison MP, Minister for Social Services, *Abbott Government delivers child care safety net for disadvantaged families*, 8 May 2015.  
12. Based on the Department of Education's CSP Self-assessment tools released August 2014.

“These families would not use child care without building links to their communities. They need to develop trust and respect before a service is used.”

#### Family day care service provider

FDCA rejects the statement that only centre-based services should be eligible for community support in disadvantaged areas “due to this service type needing high participation for ongoing sustainability”.<sup>14</sup> This is a statement of stark inequity which will result in a direct market advantage for centre-based services and may seriously affect children accessing family day care in some of the most vulnerable areas.

#### Element 2 - Sustainability support

Family day care services face similar viability issues, capital and affordability challenges in relation to market fluctuation as centre-based services. When surveyed, FDCA members cited key factors impacting viability as enrolments, staff retention and seasonal working patterns (amongst others).

“We are in a sugar growing area and the harvesting season from June to November is busy as seasonal jobs are available and businesses experience greater turnover”

#### Family day care service provider

Family day care’s restricted eligibility from this competitive grant programme fails to recognise that family day care services, being smaller and more flexible, may be best suited to provide care in disadvantaged communities. In many instances family day care can provide programmes in a more efficient, effective and economical manner compared to larger service providers with more limited operational requirements and less flexibility.

#### Element 3 - Capital support

80 per cent of family day care services surveyed have legitimate and significant capital costs associated with the support, training and monitoring of educators within their services. The family day care coordination unit, for instance, goes far beyond an administrative function, and often requires a substantial building to house community outreach activities or training courses and resource areas for educators.

“Having an appropriate office space - particularly that can cater for training and having an inviting and model play environment where educators can attend playgroups is a large capital cost.”

#### Family day care service provider

FDCA recognises that such funding should only be made available to those services in areas of high unmet demand. In terms of accessibility to capital support for for-profit services, FDCA does not oppose its availability in principle, but FDCA recommends the Government ensure that any capital works funded would have an ongoing caveat that it be used for the purposes of early childhood education and care in the event of a transfer in ownership or dissolution of the service.

#### Element 4 - Access and affordability support

60 per cent of services surveyed have educators who are currently located in a high cost area and are providing services to low income families. Furthermore, 50 per cent of family day care services believe that there are low income families in their area who potentially could benefit from their services if they had access to this kind of specific funding. However, FDCA accepts the premise of this element that generally centre-based services must charge higher in major city areas due to higher overheads.

In conclusion, it is unrealistic to argue that centre-based services alone require the above streams of funding. This outright exclusion demonstrates a clear shirking of responsibility on the part of

13. Commonwealth of Australia (Department of Social Services), Regulation Impact Statement, Child Care Assistance Package, 2015, p. 67.

14. Ibid. p.67.



the Government under the National Partnership Agreement to provide programme support to service providers.<sup>15</sup> It is disappointing that the CCCF, which is designed to foster inclusion, excludes a sector which provides over sixteen per cent ECEC across the country.

## Inclusion Support Programme

### **Recognition of the family day care model as excellent for delivery of services to children with additional needs**

The family day care model is ideally placed to include children with additional needs. The majority of family day care services (almost 80 per cent of survey respondents) currently provide ECEC to children with additional needs, with those educators who access the Inclusion Support Subsidy using it either to reduce the number of children they have in their care on the day the child with additional needs attends, or for specialist equipment for that child.

The Hon Scott Morrison MP, Minister for Social Services, has publicly stated that family day care providers will continue to be assisted to include children with additional needs.<sup>16</sup> Further, the Department of Social Services has confirmed that family day care will continue to be eligible for the Inclusion Support Subsidy. In light of this, FDCA would like to see family day care explicitly recognised in the Decision RIS as being eligible to receive this support and resources under the new Inclusion Support Programme, including funding through the Inclusion Development Fund.

“Many children with additional needs access family day care because of the smaller environments and fewer children. It is easier for them to settle and cope. It is easier for them to get more

personal and tailored care. The families feel more at ease with smaller groups and also with the consistency of one educator working with their child. The environments are also much more adaptable. Organisations working with children with additional needs prefer to refer children to family day care specifically because of this. Family day care is also more flexible to the families needs around time and frequency of care.”

Family day care service provider

### **Continuation of family day care educator funding with addition of funding to services**

FDCA supports the continuance of the Two Tier Capacity Payments to family day care per care environment up to a maximum of 50 hours per week, 52 weeks per year to family day care educators<sup>17</sup> in recognition of the additional care and attention required by a child or children with ongoing high support needs in their care and the impact of this on the educators.

FDCA further supports the continuation of funding to engage an additional worker to accompany a family day care educator who is caring for a child or children with ongoing high support needs for out-of-home excursions or other special activities, for example family day care playgroups or vacation care excursions up to a maximum of five hours per week for 52 weeks per year. This is vital to ensure that children with additional needs can participate in curriculum activities, and the hourly subsidy for an additional worker should be the same as that for long day care.

As a funding principle, neither the service nor the educator should be significantly financially

15. Council of Australian Governments, *National Partnership Agreement on the Quality Agenda for Early Childhood Education and Care*, p. 10 cl. 23c.

16. The Hon. Scott Morrison MP, Minister for Social Services, *Abbot Government delivers child care safety net for disadvantaged families*, 8 May 2015.

17. Australian Government (Department of Social Services), *Inclusion Support Subsidy Payment Rates Home Based Care Services*, June 2015.



disadvantaged by including children with additional needs. Therefore, FDCA contends that the significant role of the family day care service in providing administrative and other support to the educator in including children with additional needs should be recognised. The service should be financially compensated for their costs.

### **National consistency and regional/remote presence**

FDCA welcomes a move to national consistency in the implementation of inclusion support. However, we are concerned that the centralised model proposed of Inclusion Support Offices to administer the fund, with satellites only in state capitals, could result in severe lags and disadvantage to regional and remote services in including children with additional needs. We encourage adequate resourcing in regional remote areas and that in contracting the administration of the new Inclusion Support Programme, the contractor is assessed not only on their capacity of a service to provide services in the regions, but be audited on their actual facilitation and outreach activities in rural and remote areas as the programme is implemented. We support quarantining of funding for regional/ remote inclusion support as well as for bicultural inclusion support.

### **Streamlining the inclusion support system and decreasing the administrative burden**

The majority of family day care services find the current administrative processes to access inclusion support onerous, slow, and not adapted to family day care. Most concerning, the difficulty of the process may result in the exclusion of children with additional needs from ECEC. FDCA therefore strongly supports decreased administrative burden through a streamlined process and increased resources.

“It is more than burdensome - it is painful - most of the time the educator gives up without completing all the hoops and does it for "love" and will think twice before doing it again. For any child that is successful it must be reviewed constantly. A burden for educators, staff and parents.”

Family day care service provider

### **Evidence, frequency of reassessment and transferability of approvals**

FDCA supports maintaining the existing levels of evidence to ensure the integrity of the fund. However, FDCA advocates for having a longer period between assessments, or exemptions from reassessment, when the condition is permanent.

Furthermore, FDCA believes that approvals should to be transferable between ECEC providers. For example, a child using family day care and long day care services should require only one assessment and that approval should attach to the child, rather than the ECEC provider.

“Existing (evidence) requirements are reasonable but once approval is given if the condition is permanent it should be approved for a twelve month period.”

#### **Family day care service provider**

FDCA has received many reports regarding the difficulty of obtaining a diagnosis for children who require additional support, particularly those under the age of three and those with developmental delays, to support the application. We urge the Government to find a solution that will allow for early intervention where there is a clear developmental problem, but not a clear diagnosis.

“(include more children with additional needs) By not requiring a diagnosis from a paediatrician but from a therapist or GP stating the child has an undiagnosed need and requires assistance in some areas.”

Family day care service provider

# Child Care ICT system to support child care reforms

FDCA supports the development of a robust ICT system to help support incoming child care reforms. 90 per cent of family day care educators regularly use technology such as smart phones and the internet to assist in running their service. FDCA advocates for a clear transparent process and dialogue with the sector in the development of any new ICT systems or processes in order to provide appropriate support.

FDCA encourages the Government to ensure that clear information is provided as to what costs services will be expected to bear and what support they will provide during this transition process. FDCA recommends that the Department carefully consider how the new ICT system will impact educators and families with potentially limited experience and access to ICT infrastructure.

“I would gladly adopt such new systems if they resulted in greater efficiency and improved outcomes for children”.

#### Family day care service provider

Sector consultation responses indicated that the shifting of manual processes to a web-based system could be helpful. This could include for instance, completion and lodgement of timesheets online, electronic management of payments and using smart phone technology to manage the subsidy and determine eligibility. FDCA members indicated that any new ICT system should also incorporate strong monitoring and targeting measures for non-compliance, including data matching and risk assessment measures.

Both services and families experience numerous difficulties with access to assistance (phone and internet enquiries), particularly with regard to pursuing issues surrounding CCB payments. In addition, conflicting information is often received when making enquiries, providing for an overcomplicated and difficult experience. An ideal system would promote seamless integration between government departments. While FDCA supports the development of a robust ICT system,

ultimately such a system should reduce this administrative burden for both services and families.

“We absolutely must have reliable web based systems with reliable expedient data available to families and services”.

#### Family day care service provider

# Nanny Pilot Programme (Interim Home Based Carer Subsidy Programme)

FDCA notes the RIS does not address the potential impacts with regards to the proposed Nanny Pilot Programme (Interim Home Based Carer Subsidy Programme), which will affect up to 10,000 children. FDCA supports flexible ECEC that allows support for parents' workforce participation and commends the Government's willingness to find ECEC solutions for those parents who are experiencing difficulties accessing mainstream care, particularly for families finding it difficult to obtain care due to non-standard hours, living in remote or rural areas, and other access issues, such as the need for multiple care types for their children.<sup>18</sup>

However, FDCA notes that in not requiring nannies to meet National Quality Standards nor requiring them to have minimum qualifications, the Government rejected the Productivity Commission's Recommendation (10.5) that "Government should allow approved nannies to become an eligible service for which families can receive ECEC assistance. Assistance would not be available for use of nannies who do not meet the National Quality Standard. National Quality Framework requirements for nannies should be determined by ACECQA and should include a minimum qualification requirement of a relevant (ECEC related) Certificate III, or equivalent (...)"<sup>19</sup>.

FDCA further notes that the Productivity Commission advised that, as a principle, "where Government is subsidising the cost of nanny services, the community should rightly expect that those nannies will meet certain quality standards."<sup>20</sup>

FDCA is concerned that the Nanny Pilot Programme is not subject to the National Quality Framework and that nannies are not required to have qualifications. FDCA cautions the Government that they are entering new regulatory territory by taking on responsibility for this pilot, and reiterates that the health, safety and wellbeing of children should always be paramount.

18. Australian Government (Department for Social Services), *Interim Home Based Carer Subsidy Programme (Nanny Pilot Programme)*, 14 July 2015, p.7.

19. Australian Government (Productivity Commission), *Childcare and Early Childhood Learning Productivity Commission Inquiry Report*, 31 October 2014, p 439.

20. *Ibid.* p.437.



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