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Government  
Productivity  
Commission

Childcare and Early Childhood  
Learning Draft Report

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Family DAY CARE AUSTRALIA

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# 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 resource 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 27,000 members, representing over 800 approved service members and over 26,000 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 and coordinators, who act as field staff actively supporting and monitoring 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 and therefore parents are eligible for the 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, and therefore meets 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 form of approved ECEC available to families. Family

day care provides experiences which reflect the diversity of the communities in which they operate.

Family day care provides ECEC 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 Early Childhood Education and Care (or equivalent).

Family day care services almost 94,000 families across Australia, accounting for 155,000 children. There has in recent years been extremely strong growth in the family day care sector, with an increase of just over 24 per cent in the year to September 2013, with family day care and in-home care now accounting for approximately 14 per cent of the child care sector.<sup>2</sup>

<sup>1</sup> Figures as at 3 September 2014.

<sup>2</sup> Department of Education, *Child Care and Early Learning in Summary*, September Quarter 2013.

# Overview

FDCA welcomes the opportunity to respond to the Productivity Commission's Draft Report on Childcare and Early Childhood Learning (the Draft Report). In this submission FDCA has responded directly to draft recommendations and information requests pertinent to family day care. The submission highlights a number of key matters arising out of the Draft Report, which are summarised below.

## Support for National Quality Framework

FDCA strongly advocates for the retention of the fundamental elements of the NQF for ECEC, as they provide a sound platform for the integration of care and education with a defined focus on quality outcomes for children. Any ECEC mainstream service in receipt of Australian Government assistance for the provision of ECEC should be subject to the NQF.

FDCA believes the NQF and the quality rating process are flexible and able to incorporate alternative models of care; in particular extending subsidised home-based ECEC into the child's home.

## The interrelationship between education and care

The NQF clearly acknowledges that early childhood requires education, not just care. FDCA strongly supports this view and does not see any delineation between education and care in high quality early childhood settings. FDCA strongly believes that provision of high quality care and education experiences in early childhood, including the first three years of life are vital. Learning occurs through all the interactions and experiences that occur in any environment designed to foster children's learning and development and is not confined to a centre-based setting.

FDCA rejects the notion that the early childhood ECEC experience can or should be divided into a two-tiered system with different standards of education being provided for different children as a cost saving measure. International evidence indicates that high quality early childhood programs impact positively on children's social, cognitive and educational outcomes. It is vital that all children have the opportunity to participate in high quality ECEC programs, particularly those who are least

able to afford it as such a program has the ability to ameliorate many of the effects of disadvantage.

## Extension of home-based ECEC

FDCA supports the provision of Australian Government funding for alternate forms of ECEC which meet families' disparate and changing needs. FDCA strongly believes that family day care approved services are the most appropriate existing structure by which the extension of any home-based ECEC model could be delivered.

The role of the family day care coordination unit in the delivery of home-based ECEC is paramount in ensuring both child safety and developmental outcomes through providing requisite support, training and monitoring of educators. Coordination units:

- Provide professional support and development to educators;
- Undertake NQS monitoring and educator home assessments/visits;
- Act as the central point of business administration, including subsidy administration (service level); and
- Facilitate educator regulatory compliance.

## The Early Care and Learning Subsidy

FDCA welcomes the recommendation to streamline the current childcare subsidy system into a single child-based subsidy, and is pleased the Productivity Commission's preferred model recommends additional investment in the ECEC sector. However, FDCA has concerns with regard to the effects of the amalgamation of the Jobs, Education and Training Child Care Fee Assistance (JETCCFA) subsidy, and about the proposed activity test as an eligibility requirement for the Early Care and Learning Subsidy (ECLS). These measures are not in line with promoting equal access to quality ECEC for all Australian children.

FDCA broadly supports the Productivity Commission's recommendation to means test the mainstream child-based funding ECLS and for Government funds for the ECLS to meet between 90 per cent and 30

per cent of the deemed cost of ECEC as charged by the service.

FDCA has serious concerns in relation to the Productivity Commission's ECLS modelling in the Draft Report; specifically with the hourly rate allocated to family day care. The disparity between the modelled hourly rate (an estimated median) and real average cost is significant and highlights the necessity for rigorous consultation and research to determine the deemed cost of mainstream ECEC services for the purposes of ECLS.

FDCA believes that the Productivity Commission should take the benchmark price approach to determining the deemed cost of ECEC, and recommends greater consultation and further research to determine the most effective and appropriate indexation for the deemed cost model to ensure subsidies maintain their value in real terms.

It is vital that the Productivity Commission recognises the unique and vital role of the family day care coordination unit in assisting educators in meeting the requirements of the NQF and ensuring safety and quality outcomes for children. The costs of the coordination unit must be acknowledged in any calculation of the deemed cost of home-based education and care.

### **Adequate and tailored funding of children with additional needs**

As highlighted by the Productivity Commission, greater investment in support for children with additional needs is required to cater for considerable gaps in all categories of 'additional needs' children.

FDCA recommends the funding pool for children with additional needs should not be capped. A more coherent and comprehensive program-driven strategy to identify and support children with additional needs is required, including better targeted funding and/or direct support to services.

**Families using  
mainstream service  
– improving the  
accessibility, flexibility  
and affordability**

## DRAFT RECOMMENDATION 12.2

*The Australian Government should combine the current Child Care Rebate, Child Care Benefit and the Jobs Education and Training Child Care Fee Assistance funding streams to support a single child-based subsidy, to be known as the Early Care and Learning Subsidy (ECLS). ECLS would be available for children attending all mainstream approved ECEC services, whether they are centre-based or home-based.*

FDCA supports the recommendation to streamline the current ECEC subsidy system into a single child-based subsidy, the ECLS, as outlined in FDCA's initial submission to the Inquiry. This support is predicated on acknowledgement of a number of significant considerations relating specifically to the application of the ECLS to family day care (see response to draft recommendation 12.4 and information request 12.4). FDCA also welcomes the Productivity Commission's preferred ECLS linear model, as it results in additional investment in the ECEC sector.

FDCA does however have concerns regarding the amalgamation of the JETCCFA subsidy into mainstream ECLS. FDCA believes jobless families and those receiving income support allowances and pensions may require tailored ECEC assistance to ensure engagement with quality ECEC.

As such, FDCA urges the Productivity Commission to consider the expansion of the SECLS to support access to ECEC for parents that may be currently eligible for JETCCFA. This may fall into a 'financial hardship' stream, as outlined in FDCA's response to draft recommendation 12.6 (a).

## DRAFT RECOMMENDATION 12.4

*The Australian Government should fund the Early Care and Learning Subsidy to assist families with the cost of approved centre-based care and home-based care. The program should:*

- *assist with the cost of ECEC services that satisfy requirements of the National Quality Framework*
- *provide a means tested subsidy rate between 90 per cent and 30 per cent of the deemed cost of care for hours of care for which the provider charges*
- *determine annually the hourly deemed cost of care (initially using a cost model, moving to a benchmark price within three years) that allows for differences in the cost of supply by age of child and type of care*

- *support up to 100 hours of care per fortnight for children of families that meet an activity test of 24 hours of work, study or training per fortnight, or are explicitly exempt from the criteria*
- *pay the assessed subsidy directly to the service provider of the parents' choice on receipt of the record of care provided.*

*...assist with the cost of ECEC services that satisfy requirements of the National Quality Framework*

FDCA supports funding the ECLS to assist families with the cost of approved centre-based ECEC and home-based ECEC and agrees that any mainstream ECEC service in receipt of Australian Government assistance for the provision of ECEC should be required to satisfy the requirements of the NQF (FDCA's support for the NQF is outlined at draft recommendation 7.1 and 7.8).

Family day care specific costs associated with the service provision of approved home-based ECEC are detailed at information request 12.4.

*...provide a means tested subsidy rate between 90 per cent and 30 per cent of the deemed cost of care for hours of care for which the provider charges*

FDCA supports the Productivity Commission's recommendation to means test the mainstream child-based funding ECLS and for Australian Government funds to be directed to families most in need while effectively managing Effective Marginal Tax Rates (EMTR).

FDCA offers in-principle support to the recommendation for the ECLS to meet between 90 per cent and 30 per cent of the deemed cost of ECEC; noting our concerns relating to the omission of JETCCFA funding at draft recommendation 12.2 and 'financial hardship' from the scope of SECLS at draft recommendation 12.7 and predicated on the assumption that the proposed linear model will be adopted.

*"I feel that every working parent that has to use child care should get some sort of funding to cover child care fees. I have parents who get a very low CCB percentage and they really struggle to pay the cost of childcare the CCR helps them cover some of the out of pocket costs." Family Day Care Educator*

***... determine annually the hourly deemed cost of care (initially using a cost model, moving to a benchmark price within three years)***

It is crucial that the deemed cost of providing ECEC adequately reflects the 'real costs' of service delivery. There is a risk that if this does not occur, there may be a trade-off for quality. The deemed cost must not merely act as a floor price, rather it should reflect the reasonable costs of delivering a high quality service, and be flexible in its application through acknowledgement of such factors as location and service type.

FDCA does not support the Productivity Commission's recommendation to determine the hourly deemed cost of care through a cost model approach in the first three years. FDCA recommends utilising the benchmark price approach from the outset.

The cost model approach allows the Australian Government overt influence which is likely to hinder necessary growth in the ECEC sector and constrain services meeting unmet demand. This is a pertinent factor in the family day care sector with the emphasis on flexibility through the quality home-based ECEC model. Adopting a benchmark price would be a better measure of the true costs of providing family day care services. This process would require extensive consultation with the family day care sector due to the home-based related costs. This would set the deemed cost to the actual fees charged (and therefore associated costs) by a representative sample of services (or all services).

***... that allows for differences in the cost of supply by age of child and type of care***

Please see response to information request 12.4.

***... support up to 100 hours of care per fortnight for children of families that meet an activity test of 24 hours of work, study or training per fortnight, or are explicitly exempt from the criteria***

FDCA agrees with the recommendation for the ECLS to support up to 100 hours of care per fortnight; however FDCA does not support the proposed activity test as an eligibility requirement for the ECLS. This measure is not in line with promoting equal access to quality ECEC for all Australian children.

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.

Providing minimum subsidised ECEC fee assistance must not be pegged to the level (and capacity) of parental engagement with the workforce. This is a punitive measure that will further disadvantage vulnerable children.

***"I think there still should be a priority list but children of parents or mothers who don't work shouldn't have to miss out on socialisation etc."***  
Family Day Care Service Staff Member

***... pay the assessed subsidy directly to the service provider of the parents' choice on receipt of the record of care provided.***

FDCA supports the proposed subsidy being paid directly to the approved service provider.

### **DRAFT RECOMMENDATION 12.3**

***The Australian Government should exempt non-parent primary carers of children, and jobless families where the parents are receiving a Disability Support Pension or a Carer Payment from the activity test. These families should still be subject to the means test applied to other families.***

FDCA agrees with the recommendation to exempt non-primary carers of children and jobless families receiving Disability Support Pension (DSP) or Carer Payment (CP) from the activity test.

FDCA's primary position is 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.

FDCA does not support a change from the current eligibility criteria for grandparents accessing CCB to a means-tested payment criterion. Means testing in order to qualify for government subsidised ECEC and introducing a co-payment will impact on retirement incomes and penalise grandparents who may not have the adequate capacity to increase workforce participation due to age or family circumstances (such as custody issues).

### INFORMATION REQUEST 13.1

*The Commission seeks information and advice on the costs and risks involved in the transition to the proposed new funding arrangements for mainstream services (including home-based care providers paying for the services of coordinators) and advice on how these costs can be minimised and risks managed.*

See FDCA's response to:

- Draft recommendation 8.5 and information request 12.4 - this addresses the important role of coordination units in home-based ECEC;
- Draft recommendations 12.2, 12.4, 12.7 and 12.6 (a) for highlights as to concerns relating to the impact of the proposed subsidies on low income families and children with additional needs; and
- Draft finding 8.1 highlights the risk associated with the lack of supply based funding to rural and remote service under the new funding arrangements.

### INFORMATION REQUEST 12.2

*The Commission seeks feedback on the impact of adopting the income of the second earner, family income, or some combination as the basis for the means test. If a combination is preferred, the Commission seeks information on how this should be applied and what it would mean for effective marginal tax rates facing most second income earners in a family.*

FDCA supports the current method of citing family income as a basis of means testing subsidies. This is consistent with social expectation that household income is the best measure of economic resources available.

This approach is also consistent with the principle that the cost of the ECEC should be borne by parents, rather than the undue burden placed on the second income earner, often the mother. This would also increase EMTR too much on the second income earner and create disincentives to engage with the workforce.

### INFORMATION REQUEST 12.3

*The Commission seeks information on who is using ECEC services on a regular basis but working below the current activity test of 15 hours per week, or not actively looking for work or undertaking work, study or training. Views are sought on the activity test that should be applied, how it could be implemented simply, and whether some means tested access to subsidised care that is not subject to an activity test should be retained. If some subsidised care without an activity test is desirable, for how many hours a week should it be available, what should the eligibility criteria be, and what are the benefits to the community?*

Access to minimum hours of government-subsidised ECEC should be afforded to all families regardless of parental engagement with the workforce. FDCA believes that there should be minimum hours of access to subsidised care that is not subject to an activity test in ECEC funding.

FDCA sought feedback from family day care educator and service members proposed activity test eligibility criteria. The overwhelming response did not support the proposed activity test.

*"Currently 24% of families in our FDC service are recorded as not employed or on benefits / pension or benefit/ unemployed." Family Day Care Service Staff Member*

If an activity test is to be implemented for accessing additional subsidised hours of ECEC, the unpredictable nature of the casual workforce (dominated by second income earners, therefore often mothers), issues in aligning ECEC service hours and business hours, local market conditions and capacity to work.

*"Families in low socioeconomic areas will find it really difficult especially if there is no means to reliable transport or job opportunities in the area." Family Day Care Educator*

## **INFORMATION REQUEST 12.4**

*The Commission seeks information on the best approach to setting and updating the deemed cost of ECEC services. In addition, information on the cost premiums of providing services in different locations, to different ages, and in meeting different types of additional needs is sought.*

FDCA believes that if the ECLS is to be adopted, measures must be established that ensure the deemed cost of mainstream ECEC services is continuously reflective of real costs. This is paramount in maintaining the integrity of the model and safeguarding its benefits. A number of key matters surrounding the best approach to setting and updating the deemed cost are outlined below, with a particular emphasis on family day care.

FDCA has significant concerns in relation to the Productivity Commission's modelling in the Draft Report specifically with the hourly rate allocated to family day care (567). The modelling allows for a rate of \$6.84 for family day care and 'approved nannies'. The Draft Report and Technical Supplement provide little clarification on the reasoning, other than that it is an estimated median based on 2011/12 unpublished data provided by the Department of Education.

The most recent data published by the Department of Education shows that the average hourly rate for Family Day Care services was \$7.75 for the September quarter 2013.<sup>3</sup> The disparity between the modelled estimated median and real average cost is significant and highlights the necessity for rigorous consultation and research to determine the deemed cost of mainstream ECEC services for the purposes of ECLS.<sup>4</sup>

### **Role of the coordination unit**

In determining deemed cost of service, specifically in relation to family day care, it is imperative that the role and cost of the coordination unit is adequately quantified and factored into the deemed cost. Coordination units: recruit, train and support educators; monitor educators to ensure adherence to regulatory requirements; provide ongoing assessment of venues and residences; facilitate access to professional development opportunities; and implement continuous improvement strategies.

Coordination units administer child placements and support both the family and the child's

ongoing needs and provide outside standard hours support and emergency assistance to educators. Importantly, coordination units are responsible for the administration of the Child Care Management System (CCMS) and hence the administration of Australian Government payments under Family Assistance Law.

For more information on the unique and important role of the coordination unit please see response to draft recommendation 8.5.

In the absence of Community Support Programme (CSP) funding (see response to draft finding 8.1 and information request 12.6) or an alternate form of supply-based funding under the proposed funding arrangements, the operational costs of the family day care coordination unit must be considered in any determination of deemed cost of family day care.

CSP funding which supports the costs of administering the coordination unit ranges from \$0.70-\$1.44 per child per hour dependent upon the location of the family day care service.<sup>5</sup> In a recent survey of FDCA service members, 61 per cent of respondents reported that 40-60 per cent of their income is derived from government funding. This proportion of service's income will significantly decrease post 1 July 2015 when changes to CSP eligibility criteria commence (see response to draft finding 8.1).<sup>6</sup>

The costs associated with the coordination unit which has historically been largely funded through the CSP and will now be met by parents, must be realistically modelled into the proposed deemed cost of providing quality mainstream ECEC.

### **Service location**

Services located in rural and remote areas have additional operating expenses, encounter greater difficulty in accessing training and professional development, recruiting and retaining staff, and face barriers regarding the administration of support to educator networks. FDCA would support in-principle service location being incorporated as part of the ECLS in addition to targeted supply based funding (note response to draft recommendation 12.5).

<sup>3</sup> Department of Education, *Child Care and Early Learning in Summary*, September Quarter 2013.

<sup>4</sup> It is worth noting that long day care modelled estimated median (\$7.53) is much closer to the real average cost (\$7.65, September Quarter 2013).

<sup>5</sup> Community Support Programme Operational Support payment rates for the 2014-15 Financial Year.

<sup>6</sup> FDCA unpublished data 2014.

## Indexation

An important issue for ECEC is the level of annual indexation for Australian Government assistance, to ensure that subsidies maintain their value in real terms. In recent years the costs of ECEC has been increasing at a greater rate than for many other services in the community. Indexation that measures actual movements in ECEC is essential to preserve the real value of ECEC funding.

FDCA agrees with the Productivity Commission that there must be “a credible and independent annual adjustment mechanism that reflects reasonable cost increases so that indexation (or lack of indexation) is not used as a way to control the cost of the program” (519).

The real costs of child care have risen at much higher rates than Consumer Price Index and Wage Price Index. As such, FDCA recommends greater consultation and further research on the most effective and appropriate indexation for the deemed cost model to ensure that the subsidies maintain their value in real terms.

## Age

FDCA supports the notion that a deemed cost should allow for differences in the cost of supply by age of child as determined by research and consultation.

## Sector type and service type

FDCA supports the application of differentiated deemed costs based on ‘sector’ types, that is, between family day care and centre-based care. As referenced throughout this submission, the unique operational structure of family day care must be recognised in any funding or support structures provided by government.

FDCA does not support the application of Australian Government subsidies that support a tiered system that differentiates between ‘education’ and ‘care’. As noted in the *Australian Education Review*, failure to develop an integrated ECEC system, and a shift from subsidising ‘education’ to ‘care’ will widen the care-education divide and diminish quality outcomes for children.<sup>7</sup> A policy shift from subsidising education and care to care does not recognise the real benefit and cost of providing a strong educational component within child care.

A tiered ECEC system will undermine the central tenants of the NQF and subsidise sub-par services that are not congruent to a national agenda of providing equal access to *quality* ECEC services.

The ‘vision’ and the ‘outcomes framework’ outlined in the Council of Australian Governments’ initiative *Investing in the Early Years – A National Early Childhood Development Strategy* (NECDS) should form the central reference point for subsidising ECEC services.

It would be counterproductive to achieving high quality outcomes for children if necessary costs required under the NQF are not realistically and sensibly factored into both child-based funding (ECLS) and supply-based funding.

## DRAFT RECOMMENDATION 8.3

*The Australian Government should abolish operational requirements that specify minimum or maximum operating weeks or hours for services approved to receive child-based subsidies.*

FDCA agrees with this recommendation as it allows greater flexibility of service delivery.

<sup>7</sup> Elliot (2006; 19), *Early Childhood Education: Pathways to quality and equity for all children*, Australian Education Review.

## DRAFT RECOMMENDATION 8.5

*Governments should allow approved nannies to become an eligible service for which families can receive ECEC assistance. Those families who do not wish their nanny to meet National Quality Standards would not be eligible for assistance toward the costs of their nanny.*

*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, and the same staff ratios as are currently present for family day care services.*

*Assessments of regulatory compliance should be based on both random and targeted inspections by regulatory authorities.*

FDCA supports the extension of the NQF to include a home-based ECEC educator in the child's home and be eligible for ECEC assistance. Any educator delivering home-based ECEC, subsidised by the Government, must be subject to the same regulation and oversight and be attached to an approved service's coordination unit.

*"I believe that to both ensure the best outcomes for children and to retain the integrity of all early years learning professionals - either FDC, long day care or nannies - we must all be bound by the same national regulations, quality frameworks and learning." Family Day Care Educator*

FDCA proposes that the family day care model of ECEC would be best placed to transition and support the extension of the NQF to include home-based ECEC within the home of the child. The existing family day care structures are a proven operational model to ensure the provision of high quality ECEC and to administer home-based ECEC and could be extended with ease to allow family day care educators to operate in not only their own home, but the approved home of a child for whom they provide ECEC. This would provide a practical and tried implementation path for draft recommendation 8.5.

## NQF regulatory framework

The Education and Care Services National Law (the National Law) as it stands may be flexible enough to accommodate the delivery of home-based ECEC by an educator in the child's home. Definitions surrounding family day care within the National Law, in particular surrounding 'residence', already provide for some flexibility in application.<sup>8</sup> It may be possible that the extension of the family day care model could be achieved solely by the Standing Council exercising its regulatory power under section 305 of the National Law.<sup>9</sup>

If home-based ECEC is to be extended into the home of a child, FDCA would encourage the Australian Children's Education and Care Quality Authority (ACECQA) to consult further on the tailoring of the NQS to cover this service type. The NQS could be applied effectively with appropriate tailored guidance, material and requisite support.

<sup>8</sup> Section 5 of the Education and Care Services National Law defines: *family day care educator* as an educator engaged by or registered with a family day care service to provide education and care for children in a residence or at an approved family day care venue; and *family day care residence* as a residence at which a family day care educator educates and cares for children as part of a family day care service.

<sup>9</sup> Notably Regulation 5(2)(a) of the Education and Care Services National Regulation would need to be amended. This Regulation excludes a service providing education and care to children in premises where the majority of the children usually reside and the educator does not reside from the definition of education and care service under the National Law.

## Role of the coordination unit

The role of the coordination unit in the family day care model of home-based ECEC is paramount in ensuring child safety and developmental outcomes through providing requisite support and monitoring of educators. FDCA strongly recommends that educators providing government subsidised home-based ECEC within the home of the child be required to be attached to a coordination unit of an approved service.

Under the National Law family day care services must have coordination units consisting of staff holding an approved diploma-level ECEC qualification.<sup>10</sup> These coordination units are required to adequately monitor and support the family day care educators registered with the service. Coordination units provide:

- Professional support and development to educators;
- NQS monitoring and educator home assessments/ visits;
- A central point of business administration, including subsidy administration (service level); and
- Facilitate educator regulatory compliance.

The function of coordination units is not only that of ensuring child safety and facilitating high quality developmental outcomes for children, but also minimising the enforcement and compliance burden placed on regulatory authorities.

*“As a member of a Family Day Care coordination unit, I believe allowing Nannies to be included and monitored by our unit would increase services to our rural communities, helping more families and benefiting our agency.”* Family Day Care Coordination Unit Staff Member

## Benefits of ECEC provision in the child’s home

The Productivity Commission highlights a number of benefits of home-based ECEC in the child’s home and FDCA agrees that this is an additional flexible service option as well as being cost effective for larger families.

From the perspective of the FDCA members there are a number of additional benefits if the family day care model were to be extended to allow family day care educators to operate in the approved home of a child to whom they provide ECEC.

In light of recent eligibility changes to the Community Support Programme funding for family day care and the focus on demand-side funding in the Draft Report, family day care services will need to look at new commercial opportunities to ensure financial viability.<sup>11</sup> Extension of the family day care model to include educators in the child’s home would allow for opportunities to expand their scope of service delivery.

*“It would assist with the viability of Family Day Care, the Government’s decision to cut funding (and that is precisely what has been done) to Family Day Care is going to affect the majority of services across Australia and everything that can be done to save Family Day care must be done.”* Family Day Care Coordination Unit Staff Member

Not only would the scope of service delivery be expanded for family day care services, it would allow for the inclusion of educators that currently are unable to provide home-based ECEC due to not possessing a suitable residence, such as younger individuals living in share accommodation or those living in rental accommodation which is unable to be altered to meet regulatory requirements.

*“People who live in rental properties may not be able to modify their house or have permission to run family day care from their property, this would give them an opportunity to do so.”* Family Day Care Coordination Unit Staff Member

<sup>10</sup> Section 51(2) of the Education and Care Services National Law.

<sup>11</sup> The Productivity Commission highlights this at page 43 of the Draft Report: “Some service providers, particularly those that have come to rely on specific programs as a source of funding, may find they need to change their service delivery model”.

FDCA acknowledges the extended flexibility of home-based ECEC in the child's home may better cater for the needs of the parent and child, particularly by reducing the disruptive impact of overnight or late night care upon the child.

*"I've talked about this subject with one of my families who could benefit greatly from this. They run the farm over my back fence and some nights are out in the fields till very late, having the opportunity to make dinner, bath & bed the children in their own home for the night would make for a better routine for the children, and once in their own beds won't have to be moved to be taken home."* Family Day Care Educator

Allowing family day care educators to work in the child's home would also reduce the impact on educators and their families. Some educators may wish to provide more flexible services, but may not be able due to family pressures. In addition, it would provide options for educators who may wish to separate work from the home environment.

### Challenges for ECEC provision in the child's home

FDCA also acknowledges there will be challenges extending the NQF to cover home-based ECEC in the child's home that would need to be addressed in consultation with the ECEC sector.

FDCA has concerns with the use of the term 'nanny' in the context of government subsidised ECEC. The traditional role associated with this term implies the delivery of a whole range of services such as cooking, cleaning and running errands. Subsidising these additional services under the guise of ECEC would not be an appropriate use of public funds.

A Family Day Care Coordination Unit Staff Member identified *"Parents and families who expect nanny duties to include washing, ironing, shopping, food preparation service"* as a challenge when extending home-based care into the child's home.

Extending family day care into the home of a child for whom they care would go some way to mitigating this challenge, as the role of a family day care educator as an ECEC professional is clear. This would certainly satisfy the premise of the draft recommendation 8.5, but remove some of the service expectations associated with the term 'nanny'.

FDCA members have identified a lack of control over the physical environment, ensuring educator safety and minimal child socialisation opportunities as potential challenges when providing ECEC within a residence other than the educator's. The role of coordination units would be key in facilitating and monitoring the condition of the physical environment and educator safety. Some family day care services hold regular combined play sessions that provide opportunities for child and educator socialisation.

If ECEC was to be extended into the child's home, family day care services and coordination units would be well placed to manage families' expectations and ensure educator safety. It would be envisaged that tailored parental agreements would be developed that address physical environment requirements, educator safety and scope of subsidised service. Coordination units, as part of field visits, would assess and monitor compliance with agreements.

*"Challenges will be minimal, apart from home safety and access to resources, this can be easily assessed and addressed by our field staff who conduct home safety inspections and development observations on a regular basis."* Family Day Care Coordination Unit Staff Member

## **The future of home-based ECEC**

The family day care sector has shown strong support for the family day care model of ECEC being extended to allow family day care educators to operate in not only their own home, but the approved home of a child for whom they care.<sup>12</sup> This proposal would not prevent nanny agencies who wished to provide subsidised ECEC from applying for provider and family day care service approval under National Law, and FDCA recommends that support be available to promote this transition.

The current family day care model is well positioned to expand into home-based ECEC within the child's home. It is a proven home-based ECEC service delivery model. This expansion would satisfy the premise of this recommendation and mitigate a number of the challenges that would be associated in extending subsidies to this type of ECEC.

### **FDCA recommends that the Productivity Commission amend draft recommendation 8.5:**

- **To remove reference to nanny and in its place describe the type of service i.e. home-based ECEC in the child's home;**
- **Recommend that educators providing home-based ECEC within the child's home be required to be attached to a coordination unit of an approved service; and**
- **Acknowledge that the family day care model of ECEC would be well placed to transition and support the inclusion of home-based ECEC within the child's home into the NQF.**

<sup>12</sup> FDCA sought views from members on the inclusion of nannies into the NQF. Of the 150 respondents, 84% supported the FDC model of ECEC being extended to allow FDC educators to operate in not only their own home, but the approved home of a child for whom they care.

**Additional needs  
children and services  
– improving the  
accessibility, flexibility  
and affordability**

## DRAFT FINDING 8.1

*Funding to providers has an important role to play in improving accessibility to ECEC for children with additional needs, or who live in locations without access to ECEC. There is scope to improve current programs which deliver assistance directly to providers:*

- *the Community Support Program has not achieved one of its main objectives of improving access to ECEC services in rural and remote areas. Further, it is unclear whether it has been effective in bringing ECEC services to disadvantaged areas where they would otherwise not have been provided*

The CSP within the Child Care Services Support Programme has provided both start-up capital and ongoing operational support for family day care services since 2004 and was provided to promote growth within the sector to meet increased demand for child care places. Additional funding has also been provided under the CSP to 'Outer Regional', 'Remote' and 'Very Remote' services in the form of Regional Travel Assistance (RTAG). The overwhelming majority of approved family day care services have relied to varying degrees on the CSP and most significantly on the Operational Support component of funding.

Until new CSP guidelines were issued in April 2014, the Program Guidelines for Eligible Child Care Service Providers advised that "FDC Operational Support is funding to support FDC services with the ongoing, day to day costs of delivering quality, affordable child care." An underlying principle of the CSP was to support the coordination unit element of the approved service to support educators to provide high quality, flexible home-based education and care.

Changes to the CSP guidelines have tightened eligibility for services for both start-up and operational funding, with operational support funding ceasing for more than 80 per cent of family day care services Australia wide from 1 July 2015. While the majority of these services are in 'Major City' locations, this withdrawal of funding support does not acknowledge the unique structure of family day care nor the central role of the coordination unit in ensuring provision of high quality care. Despite the findings of the Australian National Audit Office (ANAO) report, the unique model of family day care is not directly comparable with that of centre-based care in terms of ongoing operational costs.<sup>13</sup>

The complete removal of CSP funding for established services will inevitably mean the closure of some services. For those services that are able to continue operation post July 2015, the funding removal will mean fee increases to families in order to replace some or all of lost operational funding. In 'Major City' locations this means an increase of up to \$35 per week, ranging up to \$70 per week in remote and very remote locations, depending upon how much of the funding losses are passed directly to parents and how much can be absorbed by the service.

FDCA's major concern is to the potential loss of quality in family day care driven by services in many locations being unable to increase fees in line with funding losses, as their communities cannot afford the increases. This creates a disproportionate impact on children with the greatest developmental vulnerabilities.

- *services funded under the Budget Based Funded Program are not all ECEC focused and there is a lack of transition pathways for services to become viable and be brought within the mainstream ECEC funding arrangements*

No comment.

- *the Inclusion and Professional Support Program requires additional resourcing in order to better meet its policy objectives.*

Please see response to draft recommendation 12.6(b).

<sup>13</sup> Improving Access to Child Care – the Community Support Program, ANAO Audit Report No.7 2012-13.

## DRAFT RECOMMENDATION 12.6 (a)<sup>14</sup>

The Australian Government should establish three capped programs to support access of children with additional needs to ECEC services.

- The Special Early Care and Learning Subsidy would fund the deemed cost of meeting additional needs for those children who are assessed as eligible for the subsidy. This includes funding a means tested proportion of the deemed cost of mainstream services and the 'top-up' deemed cost of delivering services to specific groups of children based on their needs, notably children assessed as at risk, and children with a diagnosed disability.

FDCA does not support the proposal for the Special Early Care and Learning Subsidy (SECLS) as it stands. The proposal does not adequately acknowledge the importance of providing for entitlement of access to all children with additional needs, due to the limitation of the funding pool.

*"If these children don't get the extra assistance they require, they are also at risk of being developmentally delayed and struggling throughout school and life."* Family Day Care Educator

Table 13.5 (577) indicates a significant drop in the funding total of \$39 million for children with additional needs (at-risk and financial hardship) in the shift from Special Child Care Benefit (SCCB) to SECLS. It is unlikely that mainstream ECLS will adequately cater for children experiencing financial hardship receiving SCCB, as the proposed mainstream subsidy does not cover the full deemed cost of care. FDCA has concerns that families currently assessed as experiencing financial hardship will not have the capacity to pay the gap fee, regardless if they are eligible for the maximum rate of ECLS. Similar concerns apply for income support families receiving JETCCFA (discussed at draft recommendation 12.2). As such, FDCA urges the Productivity Commission to reconsider the scope of additional needs to adequately support SCCB families (financial hardship) and JETCCFA families.

*"Families use childcare for a range of reasons, some as a way of allowing their children access to the social aspects as well as training, job seeking, work and for reasons such as respite care when parents are taking other siblings to medical treatment, therapies etc. Some families in regional areas rely on paid childcare when they have no family support."* Family Day Care Coordination Unit Staff Member

FDCA has concerns relating to how 'deemed cost' is modelled and implemented, specifically for children with additional needs<sup>15</sup>, given the immensely diverse range of additional needs (and hence costs) and service delivery modes. If the deemed cost does not adequately reflect the actual cost, some of the most disadvantaged children will not access adequate levels of ECEC, if at all. FDCA request further clarification on this assessment process.

## SECLS and the Inclusion Support Subsidy

FDCA offers in-principle support for the SECLS incorporating the Inclusion Support Subsidy (ISS) however there is a risk that some systemic and structural issues inherent within the current ISS program will be transferred in its absorption into the SECLS system.

The delineation between responsibility for inclusivity within ECEC for vulnerable children or children with a diagnosed disability (a Federal Government responsibility) and what may be considered 'respite care' (a state and territory responsibility) in some cases leads to an abdication of responsibility by both parties, as is evident in the current ISS system.

Issues noted by the family day care sector regarding the current ISS system that should be considered in the subsidy redesign include:

- Application for ISS is administratively burdensome and costly for family day care services, to the extent that the vast majority of services do not apply;
- Non-work related applications have been routinely rejected as this is deemed respite care and is the responsibility of state and territory governments; and

<sup>14</sup> Please note: the response to recommendation 12.6 is split into two sections, 12.6 (a) and 12.6(b). Responses relating to the Disadvantaged Communities Program and the Inclusion Support Program (ISP) one off grants can be found in the response to 12.6(b).

<sup>15</sup> See responses to draft recommendations 12.2, 12.3 and 12.4 and information request 12.4 for FDCA's overarching considerations relating to the deemed cost model and its application to FDC.

- Inadequacy of funding levels to incentivise family day care educators to take on children with high additional needs, due to the need to forfeit places within allowable educator to child ratios to meet the higher demands of additional needs children.

FDCA also supports the premise that additional levels of funding be allocated to provide for the needs of the cohort of children eligible for ISS (though may not be accessing the subsidy) through the SECLS, as proposed by the Productivity Commission (577). However, as noted above, this allocation should not be capped.

*“The ISS funding for FDC does not even come close to being a practical amount to purchase equipment and provision for a child with a diagnosis (such as autism or sensory processing disorder). It also doesn't cover much of the cost of replacing holes in walls or broken resources from behavioural challenges. And there is no financial or business benefit to dropping a child and gaining the 'Tier 2' funding, as this still does not adequately cover the cost of losing the income of the additional child”. Family Day Care Educator*

### **INFORMATION REQUEST 12.7**

*The Commission seeks views on the best way to allocate a fixed funding pool to support the ECEC access of children with additional needs and deliver the greatest community benefit. This includes views on the best option for allocating the Special Early Care and Learning Subsidy payments for children with disabilities to ensure that the program enables as many children with disabilities as possible to access mainstream ECEC services.*

FDCA does not support a fixed funding pool in the provision of both child-based and service-based funding to support access and inclusion in ECEC. Funding should be premised on entitlement and need. Improved investment in researching the levels of need is also required. FDCA seeks for the Productivity Commission to reflect this in all recommendations relating to funding children with additional needs.

### **DRAFT RECOMMENDATION 12.7**

*The Australian Government should continue to provide support for children who are assessed as 'at risk' to access ECEC services, providing:*

- *a 100 per cent subsidy for the deemed cost of ECEC services, which includes any additional 'special' services at their deemed cost, funded from the Special Early Care and Learning Subsidy program*
- *up to 100 hours a fortnight, regardless of whether the families meet an activity test*
- *support for initially 13 weeks then, after assessment by the relevant state or territory department and approval by the Department of Human Services, for up to 26 weeks.*

*ECEC providers must contact the state or territory department with responsibility for child protection within one week of providing a service to any child on whose behalf they apply for the 'at risk' Special Early Care and Learning Subsidy. Continuation of access to the subsidy is to be based on assessment by this department, assignment of a case worker, and approval by the Department of Human Services. The Australian Government should review the adequacy of the program budget to meet reasonable need annually.*

Firstly, as acknowledged by the Productivity Commission, FDCA must reiterate the point that a much broader integrated and collaborative approach is required across all levels of government and associated sectors (primarily health, education, child protection and community services) to support the needs of children at risk of abuse or neglect.

FDCA supports the provision of the full deemed cost of ECEC and an additional 'top up' payment to children identified as at risk of abuse or neglect, though a number of factors and FDCA concerns should be considered in the Productivity Commission's final recommendation for funding for children deemed 'at risk'.

The Productivity Commission states that “SECLS will meet 100 per cent of the deemed cost including for any additional need the child may have” and “the need for a 'top-up' payment should also be assessed” (545). FDCA offers in-principle support for a flexible 'top up' payment for children assessed as at risk, as this may mitigate a number of issues associated with the application of a too-rigid mainstream deemed cost model to the highly variable circumstances of children at risk of abuse or neglect, and hence the highly variable nature and costs of service delivery. FDCA requests more detail

be provided as to how this may best be modelled and applied in the final report to the Australian Government.

FDCA is concerned by the apparent gap in adequately catering for the needs of low income families that will be ineligible to receive up to 100 per cent of the deemed cost of care, due to the lack of acknowledgement under the SECLS scope of financial hardship as a key contributor to children being at risk. As noted in FDCA's response to draft recommendation 12.6(a), FDCA urges the Productivity Commission to reconsider the scope of additional needs to adequately support SCCB families (financial hardship) and JETCCFA families.

FDCA is also concerned by the lack of detail in how eligible families' needs will be adequately addressed, as evident in the broad statement - the "SECLS will not be available on the basis of family hardship, so families facing sudden changes in their financial circumstances will need to have their subsidy rate reassessed quickly" (597). FDCA recommends a financial hardship component be included in the scope of SECLS eligibility criteria.

FDCA questions the aspect of the proposal relating to how and by whom assessment takes place for ongoing eligibility beyond the initial approved period and the proposed timeframes for eligibility. FDCA proposes an extension to the initial eligibility period to a minimum of 26 weeks, though in some cases this may not be adequate. FDCA welcomes an extended approved period for ongoing funding, though would question the adequacy of the proposed 26 week timeframe - FDCA suggests that longer periods should also be an option for DHS approval if warranted.

FDCA is concerned with the capacity of state and territory child protection authorities to undertake ongoing assessment in a timely manner to ensure that the support is responsive to the needs of 'at risk' children, as there is considerable evidence that some jurisdictions are experiencing significant pressure on their child protection departments.

Feedback from the family day care sector indicates that many educators and services believe that many children may be 'at risk' of neglect on a short term basis (which may be beyond 13 weeks) due to unexpected circumstances, though this may not necessarily warrant direct intervention by child protection authorities. Compounding this issue of access to additional ECEC support is the stigmatisation of 'at risk' label which will render some parents unwilling to seek placement for their child within ECEC at any capacity.

*"Many children are 'at risk' of lots of things without it getting to the point where the child protection system steps in. Some children's circumstances are not reported to the child protection system as their situation may be considered to be 'borderline' and not a high priority for a child protection system that is in crisis." Family Day Care Service Staff Member*

FDCA supports the proposal that the subsidy be offered for a maximum of 100 hours a fortnight, due to the increased flexibility this affords.

### **DRAFT RECOMMENDATION 12.8**

*The Australian Government should continue to provide support for children who have a diagnosed disability to access ECEC services, through:*

- *access to the mainstream ECEC funding on the same basis as children without a disability and up to a 100 per cent subsidy for the deemed cost of additional ECEC services, funded from the Special Early Care and Learning Subsidy*
- *block funded support to ECEC providers to build the capacity to cater for the needs of these children, funded through the Inclusion Support Program.*

*The relevant Government agency should work with the National Disability Insurance Agency and specialist providers for those children whose disability falls outside the National Disability Insurance Scheme, to establish a deemed cost model that will reflect reasonable costs by age of child and the nature and extent of their disability. Based on an assessment of the number of children in need of this service, and the costs of providing reasonable ECEC services, the Australian Government should review the adequacy of the program budget to meet reasonable need annually.*

FDCA supports the intent of draft recommendation 12.8, though notes that it does not constitute a comprehensive or universally applicable strategy and as such may not result in significantly better ECEC participation rates for children with a disability. FDCA's main concerns on the recommendation are outlined below.

FDCA seeks the Productivity Commission's consideration of the difficulties associated with attaining diagnosis for very young children and the restrictive nature of eligibility criteria of a 'diagnosed disability'. For some children there may be no

definitive diagnosis during early childhood, and these families should still be supported to access ECEC particularly during periods of assessment.

The draft recommendation requires 'additional needs families' (with a child with a diagnosed disability) meet the same eligibility criteria of the mainstream ECLS payment, which includes a means test and activity test. FDCA is concerned that parents with additional needs children (those with a diagnosed disability) have not been explicitly exempted from the activity test criteria. FDCA notes that parents receiving Carer Payment (also a means tested payment) have been exempt from the activity test however this exemption is not a broad enough to tailor the policy for the many families caring for additional needs children yet are ineligible for Carer Payment.

FDCA is concerned with the Productivity Commission's comments that; "For some additional needs, the Government may choose to cover less than the full deemed cost of the additional need (for example, by adjusting the assistance rate according to family income) and so participation of these children would require an additional contribution from parents" (43). In this instance, parents of additional needs children with a diagnosed disability will be means tested for ECLS, SECLS and (if eligible) Carer Payment (FDCA notes that Carer Allowance is not income and asset tested). FDCA urges the Productivity Commission to further consider the interaction of the various means tests for parents of children with additional needs (diagnosed disability) to ensure that they do not result in additional barriers to ECEC access.

The unique nature of family day care with small group settings and ongoing stable relationships is a mainstream service type by which levels of inclusion of children with disability may be increased, if the proposed support mechanisms are appropriately targeted and tailored for the family day care model. FDCA membership data (2011) indicates that 98 per cent of approved services educate and care for between 1-5 children with a disability, though only 13 per cent of services provide for more than 11 children with a disability (n=90 of 321).

These strengths may be further compounded for children with a disability, though services and educators require adequate levels of support and funding.

As stated above, FDCA does not support a capped allocation to the child-based funding stream for children with disability, particularly as the scope of need is so uncertain. While FDCA notes that the Productivity Commission has provided for a provisional increase in the level of funding allocated

to children with a disability in the transition from ISS to SECLS (from \$50.6 million in 2012-2013 to the proposed \$100 million), it is unclear whether this additional allocation would be adequate to cater for need if the target level of access is to be met. Conversely, if the aforementioned service-based support and funding mechanisms are not well targeted or the take up is low for both streams, the target participation levels would not be met, reducing the size of the funding pool. Any transition to would need to be closely monitored in consultation with the sector.

## **DRAFT RECOMMENDATION 12.6 (b)**

*The Australian Government should establish three capped programs to support access of children with additional needs to ECEC services.*

- *The Disadvantaged Communities Program would block fund providers, in full or in part, to deliver services to specific highly disadvantaged community groups, most notably Indigenous children. This program is to be designed to transition recipients to child-based funding arrangements wherever possible. This program would also fund coordination activities in integrated services where ECEC is the major element.*
- *The Inclusion Support Program would provide once-off grants to ECEC providers to build the capacity to provide services to additional needs children. This can include modifications to facilities and equipment and training for staff to meet the needs of children with a disability, Indigenous children, and other children from culturally and linguistically diverse backgrounds.*

FDCA supports a more targeted approach to direct support to services, as proposed in draft recommendation 12.6, as the policy intent allows for greater flexibility in the application of service-specific needs in catering for additional needs children. However, for this policy to be effective it must be accompanied by universally accessible inclusion support mechanisms and these should be increasingly tailored to individual service types. More specifically, consultation from FDCA membership indicates that in many jurisdictions or regions, the ISP and by extension Inclusion Support Agencies (ISA) fall significantly short of providing adequate levels of support and recognising the unique structure (and hence needs and/or attributes) of family day care.

*“The ISP and ISA programs don't do much within a family day care setting. Often children with specific additional needs are unable to cope in a large centre environment, so family day care is the better option for their needs. However, financially, physically and emotionally having an additional needs child in care becomes too much over a period of time for a family day educator with no additional support.” Family Day Care Service Staff Member*

While the program intent of the ISP is sound, both family day care services and educators have

indicated that ISAs do not always provide ongoing and appropriate support mechanisms that are easily accessible and/or applicable to the family day care setting. See response to draft recommendation 12.6(a) for further context on family day care and ISP and ISA programs.

*“We (educators) care for many undiagnosed and diagnosed additional needs children. We also care for disadvantaged children and children at risk. We don't often get support (financial/support worker or resources/equipment) for these children and it is costly as a sole trader to at times provide what is required for them but mostly we make room for them because they are just entitled as any other family in our care.” Family Day Care Educator*

## **Disadvantaged Communities Program**

FDCA supports the expert positions of the Secretariat of National Aboriginal and Islander Child Care (SNAICC) in response to the Disadvantaged Communities Program component of this recommendation as it applies to services catering for Indigenous communities.

### **DRAFT RECOMMENDATION 13.1**

*The Australian Government should continue support for the current block funded ECEC services for Indigenous children to assist their transition to mainstream ECEC funding (where there is a viable labour market).*

*Regulatory authorities should work with providers to assist them in satisfying the National Quality Framework and managing the transition to child-based funding arrangements.*

FDCA strongly believes that ongoing block funding for ECEC services for Indigenous children is essential, and echoes SNAICC's concerns that the allocation of funding under this recommendation has transition to mainstream funding as its aim. FDCA recognises the essential need for secure and ongoing funding for services which meet the specific needs of the Indigenous communities in which they operate to ensure significantly better health and wellbeing outcomes for vulnerable children in those communities in both the short and long term.

### **INFORMATION REQUEST 8.1**

*The Commission seeks further information on the nature of the barriers faced by families with children with additional needs in accessing appropriate ECEC services and the prevalence of children with additional needs who have difficulty accessing and participating fully in ECEC. Information on the additional costs of including children with additional needs is also sought.*

See responses to draft recommendations 12.6(a) and information request 12.9 for FDCA position on barriers faced by families with children with additional needs in accessing appropriate ECEC services.

### **INFORMATION REQUEST 12.9**

*The Commission seeks information on whether there are other groups of children that are developmentally vulnerable, how they can be identified, and what the best way is to meet their additional needs.*

FDCA's approach to recognising and catering for developmentally vulnerable children includes focusing on:

- *Financially disadvantaged families* - these include income support recipient families, jobless families, low income families and sole parent families;
- *Families with children experiencing abuse or neglect* - these include families that are part of the child protection system and those that are classified as 'at-risk';
- *Indigenous families* - in 2009, according to the Australian Early Development Index (AEDI), 29.6 per cent of Indigenous children were developmentally vulnerable on two or more of the AEDI domains;
- *Families with children who have a disability* - this includes children with diagnosed disabilities or undiagnosed conditions. For families with multiple children with disabilities, developmental vulnerabilities are increased;
- *Culturally and linguistically diverse (CALD) families* - language and cultural barriers; and
- *Regional and remote families.*

FDCA is concerned that the Draft Report has not addressed all of the categories of developmentally vulnerable children, in particular the notable absence of acknowledgement of financially disadvantaged families (financial hardship criteria).

FDCA believes that in the first instance, educators and services working with children are best placed to identify and cater to the additional needs of developmentally vulnerable children and should be supported to work with parents, community services and health professionals to provide additional support for children's individual development.

One such program that has achieved remarkable successes in its first year is the 'Child Development Initiative' (CDI), a partnership model with local health and support services, conceived and implemented by Wynnum Family Day Care.

From 2012-13 onwards under the CDI:

*130 children have been identified by parents, educators, and the coordination unit team as requiring various levels of support. 97 children have received formal written assessment reports by our team of consultants including... Paediatric Speech Pathologist, ..., Paediatric Occupational Therapist and the allied health teams... 35 additional children will be observed by our learning support team prior to their potential future assessment by consultants. 19 children have been diagnosed or under diagnosis for a developmental delay and educators are receiving ISS funding. In regards to speech and language assessments, children were identified as having mild (47%), moderate (35%) and severe (18%) delays. Occupational therapy assessments outlined the importance of children's involvement in sensory integration and processing therapy to assist children to live, play and learn to the best of their ability<sup>16</sup>.*

The success of the CDI in identifying and supporting developmentally vulnerable children rests on the emphasis between collaborative relationships and partnerships with localised specialist health and support specialists. FDCA would seek that initiatives such as the Wynnum CDI, with proven effects be funded directly and a specific funding stream be created to research how such initiatives could be replicated. This could be tied to draft recommendation 5.2.

Such initiatives may also emphasise some evident deficiencies in the proposed ISP once-off grants Program in draft recommendation 12.6, in that the proposed grants structure has the capacity to recognise programs that may assist in supporting inclusion and support mechanisms, however such identification and support programs require ongoing direct funding.

## **DRAFT RECOMMENDATION 5.2**

***Governments should plan for greater use of integrated ECEC and childhood services in disadvantaged communities to help identify children with additional needs (particularly at risk and developmentally vulnerable children) and ensure that the necessary support services, such as health, family support and any additional early learning and development programs, are available.***

FDCA strongly supports planning for integrated ECEC and other early childhood services, including co-location of services as community 'hubs' and community outreach to ensure that the needs of families who are not accessing a formal ECEC program can also be met. This approach would also encourage participation in a formal ECEC program.

It is imperative that initiatives undertaken in this area be based upon research undertaken within communities as to their capacity and needs, take a localised approach to responding to these needs and be funded adequately to ensure that true integration of services is achieved. Only genuine collaboration will see the delivery of more effective services.

For the ECEC sector, integrated services could include direct health services such as health checks and immunisations, allied health services such as speech pathology or occupational therapy, as well as family supports such as counselling and supported playgroups.

FDCA supports the recommendations contained in 'Integrated Early Years Provision in Australia: A Research Project for the Professional Support Coordinator's Alliance' as considerations when developing a model for integrated services.

## **DRAFT RECOMMENDATION 12.5**

*The Australian Government should establish a capped 'viability assistance' program to assist ECEC providers in rural, regional and remote areas to continue to operate under child-based funding arrangements (the Early Care and Learning Subsidy and the Special Early Care and Learning Subsidy), should demand temporarily fall below that needed to be financially viable. This funding would be:*

- *accessed for a maximum of 3 in every 7 years, with services assessed for viability once they have received 2 years of support*
- *prioritised to centre-based and mobile services.*

FDCA argues that any viability assistance program should be available to all mainstream ECEC services, particularly noting that in some circumstances a family day care service and the flexibility of care arrangements that it can provide may be better able to adjust to both fluctuating need and communities' disparate need requirements than a centre-based service. In the absence of CSP funding (See response to draft finding 8.1 and information request 12.6) an alternate form of supply-based funding is essential to the operation of high quality family day care services in regional and remote areas.

In addition, FDCA believes this recommendation is problematic in that it does not provide funding certainty for services, and it assumes that there is potential for all services to be viable in rural, regional and remote areas; as outlined by the Productivity Commission in its Draft Report, "there may be some services that provide a high value to the community that may never be financially viable" (540). Continuity in service delivery is essential to ensuring equality of access to high quality ECEC services for children in these areas. There is also additional difficulty in these geographic areas in attracting and retaining high quality, qualified coordination unit staff and educators which will be exacerbated by the additional burden of operating in a climate of financial uncertainty, largely due to fluctuation of populations and demand rather than poor financial management.

## **INFORMATION REQUEST 12.6**

*What is the case for the Australian Government funding start up capital or on going operational support for mainstream ECEC services in rural, regional and remote communities?*

Please see response to draft finding 8.1 as background to this response.

FDCA strongly believes that Australian Government provision of operational funding and RTAG funding is essential to ongoing provision of family day care in regional, rural and remote areas where services have additional operating expenses, encounter greater difficulty in accessing training and professional development, recruiting and retaining staff, and face additional barriers regarding the administration of support to educator networks. Without this support, many of these services would be unable to continue operation while maintaining a high quality and effective ECEC service.

# Preschool – Supporting Universal Access

## **DRAFT RECCOMENDATION 12.9**

*The Australian Government should continue to provide per child payments to the states and territories for universal access to a preschool program of 15 hours per week for 40 weeks per year. This support should be based on the number of children enrolled in state and territory government funded preschool services, including where these are delivered in a long day care service.*

*The Australian Government should negotiate with the state and territory governments to incorporate their funding for preschool into the funding for schools, and encourage extension of school services to include preschool.*

FDCA supports ongoing funding of the Universal Access program for the community-wide benefits it promotes. FDCA will continue to recommend an expansion of the Universal Access program scope to include funding family day care where a preschool program can be facilitated.

# Removal of ECEC assistance to some providers

### **DRAFT RECCOMENDATION 8.6**

*The Australian Government should remove the In-Home Care category of approved care, once nannies have been brought into the approved care system.*

If In-Home Care category is to be removed, FDCA would encourage that governments ensure through any transition to a new home-based ECEC service that the children with additional need and/or at risk currently utilising In-Home Care are not adversely impacted.

# Quality assurance processes and regulation of ECEC

### **DRAFT RECOMMENDATION 7.8**

*Governments should extend the scope of the National Quality Framework to include all centre and home based services that receive Australian Government assistance. National Quality Framework requirements should be tailored towards each care type, as far as is feasible, and minimise the burden imposed on services.*

FDCA strongly advocates for the retention of the fundamental elements of the NQF for ECEC, as they provide a sound platform for the integration of care and education with a defined focus on quality outcomes. Any ECEC service in receipt of Australian Government assistance for the provision of ECEC should be subject to the NQF.

FDCA agrees with ACECQA's comment in their initial submission to the Productivity Commission that "the NQF and the quality rating process are flexible and able to incorporate alternative models of care".

### **DRAFT RECOMMENDATION 7.1**

*To simplify the National Quality Standard, governments and ACECQA should:*

- *identify elements and standards of the National Quality Standard that can be removed or altered while maintaining quality outcomes for children*

FDCA members have shown an overwhelming support to maintaining the NQS at this time. This support extends to the retention of standards that are not entirely related to direct child development outcomes, such as Standard 3.3, being services taking an active role in caring for its environment and contributing to a sustainable future. This being the case, FDCA would be hesitant to support any additional review of the NQS in the immediate future outside the current NQF review process being undertaken.

*"I believe the children deserve to be informed of practices such as sustainability, our planet and the environment. The interest areas of learning are vast and include: gardening, plants, water, air, soil, bio-diversity, recycling, reusing, reclaiming just to name a few. Our children / families are in Regional NSW these interest areas are a way of life - why remove them? It doesn't make sense." Family Day Care Educator*

- *tailor the National Quality Standard to suit different service types — for example, by removing educational and child based reporting requirements for outside school hours care services.*

FDCA acknowledges that if the NQF is to be extended to include educators operating in the child's home, some tailoring of the NQS and/or tailored guidance material would be required. Please refer to the response to draft recommendation 8.5.

### **DRAFT RECOMMENDATION 7.3**

*Differences in educator-to-child ratios and staff qualification requirements for children under school age across jurisdictions should be eliminated and all jurisdictions should adopt the national requirements.*

FDCA supports uniform national standards and requirements and notes that the current legislative framework is working toward this aim. This is particularly relevant in family day care, where many services are now operating across borders and therefore across regulatory jurisdictions.

## DRAFT RECOMMENDATION 7.6

Governments and ACECQA should:

- *urgently reconsider the design of the assessment and ratings system, giving particular consideration to finding ways to increase the pace of assessments*
- *explore ways to determine services' ratings so they are more reflective of overall quality*
- *abolish the 'Excellent' rating, so that 'Exceeding National Quality Standard' is the highest achievable rating.*

FDCA agrees with this recommendation, noting:

- It is important that rating and assessment occurs for all services within all jurisdictions as soon as possible. The rating given to services has little effect as a tool for comparison for parents when other like and local services have not been rated;
- Ratings need to be easily understood by families accessing ECEC services, in terms that allow them to understand what each aspect of the rating ultimately means with regard to the day to day care of their child/children; and
- Ability to apply for the 'Excellent' rating is at present unfair given that:
  - While some services have been eligible to apply for the rating, others are still waiting for their assessment and rating to occur; and
  - Application for the 'Excellent' rating requires additional paperwork and justification outside of the assessment and rating process, and must be accompanied by a payment/application fee. This combination is cost prohibitive for some services.

*"Services who exceed national quality standards across all levels should be recognised as the highest quality rating. Services should not be required to pay a fee and write a thesis to be recognised as excellent. Quality services would prefer to focus their time and resources on working directly with educators for the benefit of children, not writing documents."* Family Day Care Coordination Unit Staff Member

## DRAFT RECOMMENDATION 7.7

Governments, ACECQA and regulatory authorities, as applicable, should:

- *abolish the requirement for certified supervisor certificates*

The recent simplification of requirements to the application process for obtaining a supervisor certificate was welcomed by the sector, FDCA further agrees with the recommendation that the requirement for supervisor certificates be abolished.

- *provide more detailed and targeted guidance to providers on requirements associated with Quality Improvement Plans, educational programming, establishing compliant policies and procedures and applying for waivers*

FDCA supports more detailed guidance being provided to approved services, however we recommend that any guidance be given with clear communication as to whether the advice is compliance related, outlining regulatory requirements or is being provided on the basis of being 'best practice' operating recommendations.

While both approaches are worthwhile, there has in the past been some confusion created around Department of Education (formerly DEEWR) 'Fact Sheets' which contained a mixture of both. For example, the communication of 'required visits' in the Department's family day care 'Fact Sheets for Services' advised that service providers 'must undertake regular contact visits with all educators, at least once a quarter, although many services undertake fortnightly visits' whereas the National Law and Regulations do not prescribe the number of required visits, other than an annual assessment of the family day care residence or venue. While FDCA does not take issue with the 'best practice' advice being provided, it is felt that it should be clearly indicated by the Department as to whether or not the nature of their advice is best practice or a regulatory requirement.

Generally, the perception of FDCA membership is that State Regulatory Authorities (RAs) have been fully occupied with both compliance-related activities and rating and assessment, and therefore have had little time to engage in education activities. In addition, when approached, RA's are often reluctant to provide clear and unambiguous advice to services with regard to matters which require a level of interpretation.

*"The regulatory authority (RA) provides ambiguous replies e.g. 'it is up to your organization to decide on the course of action'. Of course we know we will bear the brunt of our decision. Why did we bother to call the RA if we didn't want the guidance? And why doesn't the RA put their replies in writing? What are the legal implications for them?"* Family Day Care Coordination Unit Staff Member

- *explore potential overlaps between the National Quality Framework and state and local government requirements as part of the ongoing review of the Framework, and ensure any identified overlaps are eliminated*

FDCA supports this recommendation.

- *review:*
  - *ways that services with higher ratings ('Exceeding National Quality Standard') could be relieved of some paperwork requirements, where these are less important to ensuring quality given the service's compliance history*

The current review of the NQF will consider efficiency and cost-effectiveness with regard to the regulation of services. It is anticipated that review recommendations made will incorporate simplification and/or reduction of paperwork requirements for approved services where they are considered non-essential. On this basis, FDCA does not support further reduction on paperwork requirements for some services over others as a result of their rating and assessment outcome. Paperwork is either necessary, in which case it is applicable to all approved services, or it is not, in which case it is anticipated it will be removed as part of the review process. An 'Exceeding' rating should not negate the need to demonstrate compliance, and in this regard FDCA believes there should be an administrative benchmark which is applicable for all services.

*"Quality can vary over time depending on many factors: change in staff, change in management, access to resources etc. What are the administrative requirements that do not add to quality? If they don't add to quality why is anyone doing them?"* Family Day Care Coordination Unit Staff Member

- *removing the requirement for outside school hours care services operating on school facilities to provide site plans as a condition of service approval.*

### **DRAFT RECOMMENDATION 11.1**

*Governments should ensure, through regulatory oversight and regular audits by the Australian Skills Quality Authority, that Registered Training Organisations maintain consistently high quality standards in their delivery of ECEC-related training.*

FDCA supports this recommendation.

*"I think increase qualifications are a good thing but unfortunately there are many private 'colleges' that rush students through without effectively delivering knowledge. In these cases the outcomes for children are not improved."* Family Day Care Coordination Unit Staff Member

# Ongoing support for evaluation and program assessment

#### **DRAFT RECOMMENDATION 5.4**

*Early intervention programs to address the development needs of children from disadvantaged backgrounds should be underpinned by research. Their impact on the development outcomes of the children attending should be subject to ongoing monitoring and evaluation, including through the use of longitudinal studies.*

#### **DRAFT RECOMMENDATION 13.2**

*The Australian Government should establish a program to link information for each child from the National ECEC Collection to information from the Child Care Management System, the Australian Early Development Index, and NAPLAN testing results to establish a longitudinal database.*

*Subject to appropriate data protection methods, this information should be made available for research, policy analysis and policy development purposes. The ability of researchers to access unit record information should be permitted subject to stringent privacy and data protection requirements.*

*The Australian Government agency, which is the custodian of the Child Care Management System, should provide a de-confidentialised extract from the database each year that interested parties can use for research and planning purposes.*

FDCA strongly supports both draft recommendation 5.4 and 13.2, and would like to see an integrated approach to research which promotes both collaboration and innovation, and enables high quality research to be undertaken by all ECEC stakeholders utilising relevant and full data sources.

#### **DRAFT RECOMMENDATION 13.3**

*The Australian Government should review the operation of the new ECEC funding system and regulatory requirements after they have been implemented. In particular:*

FDCA generally supports the recommendation of the review of funding and regulatory arrangements after implementation of the new funding system and amendments to the NQF. However, FDCA would encourage the Australian Government and state and territory governments to ensure adequate and ongoing consultation with the ECEC sector in the implementation of any of the Productivity Commission's recommendations.

- *within 2 years of introducing subsidies based on deemed cost of care, the accuracy of the deemed costs and appropriateness of the selected indexation approach should be examined and the existence of any adverse unintended outcomes should be identified and resolved*

FDCA would encourage that the Productivity Commission consider recommending that in implementing any new funding arrangements, particularly a deemed cost model, that reviews are required by statute.

- *within 3 years of extending the coverage of the National Quality Framework (including to current block funded services and to nannies), ACECQA should prepare a report identifying any legislative, regulatory or procedural difficulties arising from the wider coverage of the National Quality Framework*

FDCA would encourage the Productivity Commission to explicitly note the removal of the In-Home Care category in this review recommendation.

- *within 5 years of implementing the new ECEC funding system and regulatory requirements, the Australian Government should undertake a public review of the effectiveness of the revised arrangements.*



Michael Farrell  
National Research and Advocacy Manager  
Family Day Care Australia  
PO Box 571  
Gosford NSW 2250