



## Submission to the Productivity Commission by Kathi Hewitson of Foundations Family Day Care

As a family which use Family Day Care (FDC), as well as a service providing FDC to our local community, I am flabbergasted at the ill-conceived and short sighted measure the government has proposed, in removing Community Support Funding in one hit. I am also shocked at how little the Productivity Commission appears to know about Family Day Care, as reflected in the draft report.

I use FDC to ensure I am able to work: I use it to ensure I am able to support, monitor and supervise my growing team of Educators, providing quality, nature based, play focused education and care for an increasing number of working families in our area. A significant number of our families have used child care centres in the past and found them to be inflexible, particularly in terms of the hours of care needed for the families to work, and not suited to the family's and individual child's needs. They turned to FDC and have found it to be a wonderful environment which reflects their beliefs and meets their requirements.

### **ISSUE 1: Lack of identification of Family Day Care in the Report**

There are approximately 94,000 families who use FDC, many of which will be for work or study purposes. Family Day Care, depending on who you get the figures from, provides between 10 and 14 percent of all child care and education in Australia. Whilst the majority of that care and education is during hours Long Day Care usually provides care, a substantial amount of the care and education is 'non-standard hours,' being before 8am and after 6pm Monday to Friday, public holidays and weekends. This is exactly the sort of flexibility the Productivity Commission has identified as being needed, yet FDC's contribution to this and growth, so the future increasing ability to continue to offer this, is being ignored by the Productivity Commission and threatened by the Government.

FDC is also a major provider of employment, particularly through as small business owners, of approximately 24,000 Educators, as well as approximately 4,000 employed staff members across the country. This means that FDC generates approximately \$1,392,000,000 to the national economy. (This is gross and calculated on Educators grossing \$48,000 and staff being paid \$60,000 each. The amounts for Educators are conservative.)

### **ISSUE 2: Removal of CSP Funding**

Given how difficult it is for most families to access quality child care, does this Government really think removing access to FDC, through removal of this Community Support Program (CSP) subsidy, will keep those families learning or working? Have they considered what will happen to their jobs, or the jobs of the 24,000 Educators or thousands of staff? Has it even crossed their minds of the decrease in taxes paid and the increase in benefits paid out when these people can't work, either through their job no longer existing or being unable to access care? Or the broader effect on the economy from the sudden cessation of money flowing through thousands of local communities, the flow-on effect?

I appreciate the economy is not doing as well as it should be, that previous governments have left a mess and that this government is trying to address the problem. I also appreciate there have been awful, but thankfully fairly rare, situations of rogue services undermining the system through inappropriate claims. I firmly believe those operators should be stripped of



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their Approvals and, wherever possible, prosecuted to the full extent of the law. This second step does not appear to have been happening, which has allowed them to pay back money if they are caught, even declare bankruptcy to prevent the money from having to be repaid, but also does nothing to stop these disgusting practices from spreading. Seeing rogue operators successfully prosecuted would make others stop and think.

### Important things for the Government to consider:

- **Review the changes to eligibility criteria:** to ensure that they do not have unintended consequences including the closure of services providing high quality education and care in areas of need across Australia.
- **Consult with the sector as part of the review:** regarding solutions to the potential impacts of changes to CSP funding and with services, educators and families to fully understand the impact of the changes.
- **Extend the transition time:** to allow sufficient time for a comprehensive review and for the development and implementation of changes to the business model.
- **Consider “exceptional circumstances” funding:** to ensure that the funding changes do not result in high quality services closing their doors, leaving families without affordable child care.

### Better ideas for the Government to save money in the short term:

- **Increase numbers of audits and inspections** - the good services will stay, providing quality care and education. The bad services will be caught faster, have to pay back money and will be booted from the industry
- **Keep the proposed cap of \$250,000** - larger services are better positioned to absorb any excess. Smaller services, such as mine, won't be anywhere near that cap or have a cap of \$250,000 per SA2 or SA3 area, to be shared between services who have Educators in that area, based on the percentage of Educators in that area that that service has
- **Order DoE to start prosecuting offenders**, instead of their current practice of threaten to remove/suspend CCB approval, get the money back and forget about what happened
- **Make it harder to get and easier to loose approval for CCB** - only those who are really dedicated to children will apply successfully and those who are rorting the system will have to stop
- **Remove the Start Up Payment** – this will save \$14,000 per starting service and will remove those services which start up, get the money and close within a very short space of time, thereby wasting the Government's investment.
- **Invest in advertising for Family Day Care** – the Government has had a very strong focus on centre based care, with almost all publicity put out, including media releases, being about Long Day Care. The Government has already invested into setting up services, however has not promoted FDC as it does LDC. A short run advertising campaign focusing on the quality of care and education and the flexibility of FDC would increase the public knowledge of this service and so see



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a return on investment for the Government, in terms of increased participation in the workforce and increased taxes paid.

### Better ideas for the Government to save money in the long term:

- **Link CCB expenditure and CSP related payments much more closely** - If a service is putting in ridiculous claims for one, let it prevent the other from being paid
- **Invest MORE into quality Early Childhood Education and Care (ECEC), not just into child care centres** - plenty of research has shown every dollar invested in ECEC multiplies substantially over the next few decades and results in much improved outcomes for both children and their communities

### ISSUE 3: Quality of care and education v's price

In the draft report by the Productivity Commission, there were a number of things which concerned me greatly and suggested those who wrote and authorised the report were valuing dollars above children, ignoring long term consequences in the process.

1. **Devaluing the importance of education** – The report has a strong focus on care being provided to enable parents to work. It does not look in depth at the importance of education whilst in that setting and even appears to have little knowledge of what education is needed in early and middle childhood, nor what that looks like. Like many in our community, the report reads as if children only learn whilst they are at school and the only purpose of any childcare is to get people working, so a babysitting service.
2. **Devaluing the importance of education for children up to the age of 3** – The first 3 years of a child's life are where the majority of brain development occurs. It is also where the foundations of healthy, happy future adults are made. (I am sure you will receive plenty of submissions on this issue, which identify research about this. If not, please feel free to contact me and I will point you in the direction of plenty of large size, peer reviewed, quality research on the issue) To provide the high quality education each child needs requires knowledgeable Educators with post-secondary qualifications, quality resources and stimulating yet relaxed environments. Whilst there will always be a place for Certificate III qualified staff working with babies and toddlers, they require the direction of higher qualified staff to ensure that each child gets the standard of care and education they and the nation deserves them to have. If children are to become productive adults, meaning earning enough to pay taxes, they need to have a good education at school and in post-secondary studies. In order to do well at school, they need to learn many skills and gain a lot of knowledge prior to starting school, which involves every part of their development. The knowledge and skills of a 5 year old is based on what they learn and experience as a younger child. Therefore, in order for a child to be a productive adult in the future, they need to have quality learning experiences in their very early childhood.
3. **Devaluing stay at home parents** – Provided the home environment is a good one, with involved parents who socialise their children and give them a range of quality experiences, that child will grow to be a good learner at school and eventually a productive adult. Every parent who stays at home to raise their children is investing on



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behalf of the country. Yes, they are less likely to be paying taxes or spending as much money in the community, therefore stimulating the economy as much, however they are also not costing as much as we are not paying for Child Care Benefit and Child Care Rebate on their behalf. They are also freeing up places in child care for families who need them for work.

4. **Devaluing quality** – There have been numerous studies which have shown two things: First that quality care and education will raise even the most disadvantaged child up to be able to achieve far better than without and, secondly that poor quality care is even more detrimentally to children than leaving them at home with their unqualified and non-working family.
5. **Not recognising the economic impact of quality care in the long term** – Over the years, I have read a number of studies which calculate the value of dollars invested over time. Consistently, the most value is achieved through investment in early childhood education. The absolute minimum I have seen was that for every \$1 invested by the government, \$4 was returned. (Most state rates far higher than this.) When you consider that the government pays approximately 35.8% of our taxes on welfare, including on unemployment benefits for which we get no return on investment, but only 7.96% on education, for which the investment compounds over the years,

I am happy to speak directly to a representative of the Productivity Commission, should you wish to know more of my thoughts and ideas.