



NSW Family Day Care Association Inc.

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Childcare Inquiry
Productivity Commission
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Dear Commissioners,

Please find attached a final submission from NSW Family Day Care Association to the Productivity Commission Inquiry on Child Care and Early Childhood Learning.

Thank you for the opportunity to comment on this issue.

Yours faithfully,

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NSW Family Day Care Association

Submission

to the Productivity Commission Inquiry
on Child Care and Early Childhood Learning



NSW FAMILY DAY CARE
ASSOCIATION INC.

About Us.

The NSW Family Day Care Association Inc. was established in 1976 to promote and support all aspects of Family Day Care in the community.

We do this by:

- Promoting the wellbeing of children and encouraging the discussion and exchange of ideas relating to children and their families' needs.
- Informing and supporting those involved in Family Day Care.
- Co-ordinating and acting on problems specific to Family Day Care in NSW.
- Preparing research, education, publicity and submissions relating to Family Day Care.
- Disseminating information relating to Family Day Care.
- Acting as an advisory body.
- Liaising with government and non-government organisations.

NSW Family Day Care Association provides professional support to members and the early childhood education and care sector in the provision of quality early childhood education and care through direct service provision, advocacy, recognised vocational and professional training, information dissemination, mentoring, partnerships and collaborative networking opportunities.

NSW Family Day Care Association:

- Represents its members (almost 60% of NSW Family Day Care providers in NSW are members)
- Operates a Registered Training Organisation (Peak Training) which provides the majority of nationally accredited training to NSW Family Day Care Educators and Family Day Care services staff.
- Operates an extensive professional support arm (Professional Services). As one of the consortium that operate the NSW Professional Support Co-ordinator (Children's Services Central) we are contracted to provide the majority of professional development to Family Day Care Services in NSW.
- Sponsors NSW In Home Childcare Services (NSWIHCS). This means we are both a peak organisation as well as a direct provider of In Home Care.
- Advocates on behalf of Family Day Care and In Home Care Services.

1. Family Day Care plays a key role in meeting Australian families' childcare needs.

The Productivity Commission has been asked to make recommendations on the current and future need for childcare in Australia including consideration of the types of childcare available.

NSW Family Day Care Association's view is that family day care plays a key role in meeting Australian families' needs and as such should be supported by the Commonwealth Government to continue to play this role and to be able to expand on our existing role where appropriate.

Family Day Care and In Home Care provide around 17% of early education and care in NSW.¹ Family Day Care is a care type that is:

a. Flexible

Families and Educators negotiate around hours of care to meet the needs of both parties. Many families choose Family Day Care over centre based care because of this flexibility. Almost 33% of children using Family Day Care in Australia are in regional and remote Australia- this compares to 25% children in long day care.

b. Cost efficient

In 2013 the median weekly service cost of Family Day Care in NSW was \$327. This compared with the median cost of \$392 for long day care.²

c. An option of choice for families (demand outstrips supply)

Currently demand significantly outstrips supply for NSW Family Day Care services with the majority of services reporting long waiting lists for vacancies. Families often express preference for the home based care on offer in Family Day Care, especially for young babies and children with additional needs. Demand far outstrips supply for places for children under 3 years old in almost all parts of NSW.

2. NSW Family Day Care Association supports the National Quality Framework

The Productivity Commission has been asked to consider the benefits and other impacts of regulatory changes on child care over the last decade including the implementation of the NQF in states with specific consideration given to compliance costs.

NSW Family Day Care Association would like to place on the record our support for the National Quality Framework. We believe that the main aim of the NQF in increasing child care quality will be achieved by its implementation.

¹ Child Care Early Learning in Summary March 2013, Department of Education

² Table 3A.30 http://www.pc.gov.au/data/assets/pdf_file/0012/132303/rogs-2014-volumeb-chapter3.pdf
NSW Family Day Care Association Submission to Productivity Commission Inquiry, Feb 2014

a. Our services are on track with qualification changes

NSW Family Day Care Services are on track with qualification changes. Since January 2014 our Educators either have or are enrolled to obtain their Certificate III qualification. Family Day Care services and NSW Family Day Care Association have worked over the last few years to ensure that Educators offering Family Day Care in NSW had the appropriate qualifications. This has been achieved with many Educators obtaining the qualification through RTOs like our own Peak Training, which delivered the qualification specifically adapted to the Family Day Care setting. NSW Family Day Care Association also successfully sought funding through a variety of state and federal government programs to ensure we could subsidise the cost of the qualification as much as possible for educators as required. (For example funding was obtained through the Workplace English Language and Literacy (WELL) Program to ensure that Educators with English as a second language could receive specialist assistance to obtain the qualification.)

b. Our services have addressed the main requirements of the NQF in the lead up to and since its implementation in 2012.

NSW Family Day Care services have addressed the necessary policy and procedural changes to meet the regulatory changes required as a consequence of the implementation of the new nationally consistent regulations from 2012. This has been done by concerted effort from Family Day Care providers and their Educators, supported by consistent access to resources and professional development provided by the us and by the NSW Professional Support Co-ordinator, Children's Services Central. Meeting the new regulatory requirements was something that our services recognised would increase the quality of education and care provision we provided.

Our services have also ensured our Educators are capable of delivering early education and care in accordance with the outcomes and principles of the appropriate learning framework (Early Years Learning Framework and My Time, Our Place). Although this involved an extensive professional development roll out, our services embraced this in the understanding that it too would increase the quality of early education and care offered to children in our services.

Likewise our services have, for the most part, undertaken the changes to operation to enable them to meet the National Quality Standard. This has also involved a concerted and well planned roll out of resourcing and professional development both at Educator and service level. NSW Family Day Care services' success at this has been recognised in the ratings our services have achieved against the National Quality Standard. 40.3% of all NSW Family Day Care services that have been rated as at November 2013 have been rated as Meeting or Exceeding the National Quality Standard.

c. The streamlined regulatory/ assessment environment is working well for NSW Family Day Care services

The streamlined regulatory /assessment environment has been working well for NSW Family Day Care services, especially through the removal of the separation between regulation by the NSW State Government and Accreditation through the nationally administered quality improvement system. This streamlining has effectively reduced red tape for NSW Family Day Care services.

d. There has been some implementation issues

NSW Family Day Care services have faced a range of issues with the way the NQF changes have been implemented. These include:

- Lack of clarity as to whether advice should be sought from the state regulator or ACECQA
- Lack of time to adequately undergo professional development around new regulatory requirements
- Issues with applications for Certified Supervisors
- Lack of process clarity from our state regulator
- Lack of clear information from the state regulator to services and educators
- Lack of funding to support policy and procedural review processes
- Lack of consistency in assessment and rating processes
- Lack of understanding by the state regulator of the Family Day Care context

Support for NQF

Despite the implementation issues, it is important to note that NSW Family Day Care Association supports the retention and continued roll out of the majority of the elements of the National Quality Framework for Family Day Care services and supports the entire roll out for centre based early childhood services.

3. There is a dearth of evidence based research about Family Day Care provision.

A considerable body of evidence is available about what constitutes quality for centre based care. This is particularly true in the areas of ratios and qualifications. This is the evidence that convinced COAG members to sign up to the changed ratios and qualification requirements of the National Quality Framework.

There is a dearth of evidence, however, about what constitutes quality education and care in Family Day Care settings – in the home-like settings with mixed aged groupings of Family Day Care. There is no research that states what the optimal ratios of children to educators are in our settings. In the absence of this research, the quality outcomes that are completely justifiable for centre based care in view of the research findings for these settings, have been extrapolated and imposed on Family Day Care services, without the evidence of whether these are required or are optimal.

NSW Family Day Care Association believes that it is incumbent on the Commonwealth Government to ensure that such research is funded and conducted. Public policy decisions should never be made on supposition and extrapolated findings. There are 120,000 children receiving care through Family Day Care in Australia³. We owe it to these children to determine what drives quality care provision for these children rather than presuming we can apply quality determinants for centre based care, a form of care which is inherently different to Family Day Care settings.

³ Child Care Early Learning in Summary March 2013, Department of Education
NSW Family Day Care Association Submission to Productivity Commission Inquiry, Feb 2014

4. Family Day Care Services in NSW are facing barriers to meeting demand and this is about to intensify.

4.1 Changes to numbers of children per educator will make it harder to meet demand

Up until 1 January 2014, a Family Day Care Educator in NSW could care for up to 7 children under the age of 12, with a maximum of 5 children below school age. This changed as at 1 January to a maximum of 4 children not yet attending school.

This change, the only part of the National Quality Framework that the NSW Family Day Care Association does not agree with, will make it harder for NSW Family Day Care services to meet demand.

a. This change impacts on the number of children who can be cared for in Family Day Care in NSW.

The Productivity Commission Inquiry has been established mostly because of the supply/demand mismatch for early education and care. When existing education and care services cannot meet existing demand, why would a measure be implemented that immediately reduces the number of children that can be cared for by the type of care that is currently the most flexible? Obviously reducing the percentage of children that can be cared for by each Educator in NSW by 20% reduces the number of children that can be cared for by Family Day Care overall in NSW by up to 20%. NSW Family Day Care Association estimates that this could mean a reduction of up to 5000 children *per day* receiving education and care in Family Day Care in NSW in 2014. Where will these children go?

b. This change impacts on Educators' viability.

Educators have had to face one of two choices: Increase fees to make up the 20% loss in income or accept a reduction in income. Educators in Family Day Care have never been amongst Australia's high income earners. A 20% loss in income makes running a Family Day Care business a much less attractive proposition and puts Educators in high rent/mortgage regions into potentially unviable situations. We know from anecdotal evidence collected over years that when Family Day Care fees rise, families reduce the number of days they use the service. This in turn reduces the income of the Educator even further, unless they can find additional children to use those places.

c. This change impacts services' viability.

Family Day Care services, the organisations that support and resource the individual educators linked to their service, receive operational support - a payment under the Community Support Program designed to contribute towards the day to day costs of maintaining a network of Educators working in different locations. Operational Support is calculated on a per place per hour basis. By reducing the number of children each Educator can care for by up to 20%, the operational support that each Family Day Care service will receive will also reduce by up to 20%.

This will mean:

- A reduction in the amount of support each service can give their Educators, conversely at a time when because of the concomitant drop in income of Educators, they need this support the most.
- A reduction in the capacity of Family Day Care services to recruit new Educators, as providers will need to prioritise what they can and cannot do with reduced funding.
- Some services will become marginally viable and may close down. If this occurs, unless the Educators of these services are able to register with another service, they too will be forced to cease providing care.

d. This change will impact on the quality of early education and care provision.

Family Day Care in NSW has been remarkably successful at adapting to the other requirements of the National Quality Framework. NSW Family Day Care Association estimates that around 90% of Family Day Care Educators have already obtained their Certificate III. Our services are consistently being rated well. As at November 2013 40.3% of NSW Family Day Care services were rated as meeting or exceeding the National Quality Standard. Most Educators in NSW Family Day Care understand the NQF and its requirements including new policies and procedures and the skilful use of the new curriculum frameworks.

The reason this has been possible is primarily because of the professional development and support services have been able to roll out to their Educators. This has meant that the quality of early education and care provision by Family Day Care Educators has risen over the period since the development of the NQF.

Obviously reducing the funding of Family Day Care services in NSW by 20% at this crucial stage of the NQF rollout will make it impossible for this level of support and resourcing of Educators to be maintained. Without this support, the quality of early education and provision in NSW Family Day Care services will be impacted. This is obviously in strong contradiction to the major aim of the NQF to improve quality provision.

e. This change will make Family Day Care less affordable.

Some Family Day Care Educators will need to increase the fees to remain viable in the face of the reduction of fee income from one child. Family Day Care has been an attractive form of care for many families because of its affordability. In 2013 the median weekly service cost of Family Day Care in NSW was \$327. This compared with the median cost of \$392 for long day care.⁴ This can obviously not be maintained if Educators are forced to increase their fees per hour per child to remain viable.

f. This change will make it harder for services to recruit Educators

- a. Because it is a less attractive proposition because of the reduced potential income Educators can make in Family Day Care.
- b. Because it will reduce the capacity to recruit Educators with children of their own.

⁴ Table 3A.30 http://www.pc.gov.au/data/assets/pdf_file/0012/132303/rogs-2014-volumeb-chapter3.pdf
NSW Family Day Care Association Submission to Productivity Commission Inquiry, Feb 2014

g. This change seems hard to justify in the absence of research and when many Family Day Care services are already exceeding the NQS with current child numbers.

NSW Family Day Care Association has consistently pointed out the inequity of making this change to the number of children a Family Day Care service can educate because it is not evidence based.

There has been no research completed about the optimal numbers of children a Family Day Care Educator should care for in a mixed age home setting. We need to know whether there are educational and social advantages to children within Family Day Care that justify the loss of places. NSW Family Day Care Association has previously proposed such research be conducted via an Analysis of the Longitudinal Study of Australian Children (LSAC) data set for children, and an Analysis of Child Care Choices (CCC) data set and by conducting a new observational study on the impact of ratios with a focus on the age mix of children in Family Day Care to test for possible effects of ratios on factors such as:

- Quality of the care environment
- Children's social and emotional development
- Children's vocabulary and school-readiness knowledge and skills
- Children's readiness for school (literacy and numeracy levels at age 4).
- Educator-child relationships

Changes to the ratios for centre based early education and care in the NQF is evidence based. There has been a plethora of evidence that proves unequivocally that better ratios in centre based education and care equates with higher quality care. There is no similar body of evidence, or in fact any evidence, that this is also true in mixed age groupings within a family home setting. Research may prove that there is an optimal number of children to Educator within Family Day Care, but until then why pre-emptively and arbitrarily set a number based on the much different education and care environment of a centre based setting?

4.2 Changes to Regional Travel Assistance Grants will make it harder for Family Day Care services to meet demand.

Up until 1 January 2014, Family Day Care services have all been able to access Regional Travel Assistance Grants (RTAG) to assist them to meet the travel expenses of service co-ordinators when they visit educators in regional and remote areas. To be able to access RTAG, service providers must have over 51% of their Educators in regional and remote areas.

As of the beginning of this year RTAG is only available to those Family Day Care services in outer regional, remote and very remote areas. This means that services in inner regional areas are no longer eligible.

This change will make it harder for inner regional Family Day Care services to meet demand in their area because:

- The travel allowance is critical to the establishment and ongoing operation of Family Day Care in outlying areas of these regions;
- Its removal will mean that services will be unable to afford to recruit new Educators in small, isolated inner regional areas – despite the fact that Family Day Care is well suited to

these areas which cannot support the establishment of centre based care services. Families in these areas will often not be able to access any education and care service for their children without travelling long distances.

- Services will be unable to provide the vital monitoring, training and support to already engaged Educators that are located far from the service's headquarters. This will mean that the very things that are needed to maintain and increase the quality of service provision under the NQF will be removed or severely reduced.

It is important to note that Regional Travel Assistance Grants have been, until this year, available to inner regional services. The removal at a time when the need to resource and support Educators to meet the NQF requirements is at its highest is perverse.

For communities which have only a handful of children resident in them, regardless of whether they are in inner or outer regional areas, Family Day Care is a uniquely flexible and accessible form of care. RTAG allowances are the now missing link which enable quality care to be provided in these communities.

5. There are some structural issues with Family Day Care provision that need policy attention.

5.1 Low Educator incomes impacts on recruitment and retention of Educators.

The biggest barrier NSW Family Day Care services have to expanding provision is Educator incomes. The increasing demands on the sector to improve quality are welcomed by NSW Family Day Care services but higher qualified educators with more regulatory responsibilities should be able to command higher incomes than they do. This is especially true for areas of NSW with high SEIFA levels. High income areas are often high cost areas, especially for mortgages and rents. Attracting Educators in these areas is increasingly becoming difficult because an Educator cannot generate an income that adequately meets mortgage and rental costs. NSW Family Day Care Association does not have a position on how education and care provision should be funded or how families should be funded to access education and care, but we know that Family Day Care could expand provision to meet unmet demand if recruitment of educators was easier, and income levels are a clear barrier to new Educators entering the sector. Currently a Family Day Care Educator could earn more money packing shelves in a supermarket than they can by being a Family Day Care Educator.

Greater investment by the Commonwealth in education and care, especially if directed towards measures that would enable educators to increase their incomes without further increasing fees for families would assist in enabling the Family Day Care sector to meet unmet demand.

5.2 Families would use more days if fees were lower.

Anecdotal evidence in NSW is that when a family day care educator increases their fees, families are often forced to reduce their days. This would suggest that costs of family day care are a direct barrier to families increasing their number of days and thus being available for increased participation in the workforce.

5.3 More support is needed to assist educators in some areas.

Some Family Day Care Educators need additional support to meet the National Quality Standard. There are currently no mechanisms in place to enable service providers to access additional funds to provide this support. An example of this is in inner city areas where large numbers of Educators are from culturally and linguistically diverse backgrounds. Sometimes Educators in this situation need additional tailored training because of limited English skills.

5.4 There could be better co-ordination of new regulatory requirements between State and Commonwealth Governments.

Although having one nationally consistent early education and care regulation has streamlined compliance for Family Day Care Educators it is important to note that this is not the only regulations that Educators need to meet. It would assist Educators if new regulatory requirements for areas such as immunisation of children, workforce health and safety etc were made in co-ordination with existing requirements under the Education and Care Services Law and its associated regulations.

5.5 Most Government support mechanisms for early education and care services work well for Family Day Care services but some could be improved.

NSW Family Day Care Association believes that many of the existing support mechanisms that are in place to support the education and care sector, work well for Family Day Care. These include the Inclusion and Professional Support Program, and in particular the provision of professional development through the Professional Support Co-ordinators.

Some improvements in some support mechanisms could be made such as:

- Provision of funded compulsory training such as child protection, first aid etc
- Increased support for Educators in inclusion of children with additional needs
- One off set up grant for new Educators
- Funded small business grant for Educators

5.6 There has been an exit of providers as costs of provision have increased.

Over the last few years NSW Family Day Care Association has watched about 10 operators withdraw from Family Day Care service provision across NSW. This has included local government operators who have found that the ongoing cost of provision was no longer met by operational subsidies to providers under the Community Support Program. Obviously this trend has the capacity to continue unless the general level of operational subsidy keeps pace with the cost of service provisions.

5.7 Increase in new providers is problematic.

Over the last few years there has been a dramatic increase in the number of Family Day Care providers in NSW. In 2011/12 there were only 20 privately operated Family Day Care Services in NSW. By 2012/2013 there were 58⁵ and the number has increased again in the last six months. NSW Family Day Care Association is aware that the Commonwealth Department of Education has been examining reasons behind this influx of new operators and the impact of these operators on Family Day Care provision. As a resource and support agency NSW Family Day Care Association is concerned because:

- Our capacity to resource and support new operators of this magnitude is limited;
- Existing services operate with strongly grounded understandings of quality provision and have a history of such provision;
- Educators currently registered with existing services can be attracted to new providers with lower quality demands
- Some providers seem to have little understanding of the full regulatory and funding environment in which Family Day Care operates.
- There appears to be some concern as to whether the existence of start-up grants have attracted new providers interested primarily in obtaining this grants rather than ongoing service provision.

⁵ http://www.pc.gov.au/_data/assets/pdf_file/0012/132303/rogs-2014-volumeb-chapter3.pdf Table 3A.64