



# Submission

## Productivity Commission – Response to the Draft Report into Child Care and Early Childhood Learning

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Submitted on behalf of Child and Family Services Wyong Shire Inc

Written by Vicki Geach (Child and Family Services Manager/Nominated Supervisor/Educational Leader) and Janice Smith (CEO)

Dated: 3<sup>rd</sup> September 2014

I would like to start our submission by acknowledging and appreciating the consultative approach that the Productivity Commission has taken in this process. As a participant in the process, and taking part in the hearings, it has been encouraging to see voices from many parts of the sector offering advice and views on the issues which are being considered for change in the Draft Report process.

In our submission I will comment on a number of areas, which I hope can give perspective from an Operator in an FDC Service. I am happy to expand on any points should the Commission require this in the future.

By way of introduction, Child and Family Services Wyong Shire Inc (CFSWS) is a not for profit organisation providing high quality education and care services for up to 1500 children and 750 families across the Central Coast. CFSWS has been present as both a provider of high quality education and care and as an advocate for our community for the past 30 years. CFSWS prides itself on high levels of knowledge, skills and experience in the Family Day Care sector and as such, feel that we are well qualified to speak on behalf of the 110 Educators who work within our service.

Information about our entire service can be found at [www.childandfamilyservices.com.au](http://www.childandfamilyservices.com.au)

Although the Productivity Commission Draft Report and the recent changes to the Community Support Funding Program could be considered separate issues, we feel



that it is important to paint a clear picture of the challenges faced by Family Day Care Services Providers in relation to these changes in a more holistic view. FDC has faced multiple challenges in the past 3 years which have seen all service providers assessing their sustainability and viability into the future. Therefore, it is important to view these challenges as part of the bigger picture, a picture where FDC has faced hurdle after hurdle and will struggle to remain viable without dramatic increase in costs for families and Educators in new business models. The Productivity Commission Draft Report recommendations, should they become a reality, could cause irreparable damage to Family Day Care. Over 700 services could close and hundreds of thousands of children displaced and forgotten.

## Background

The introduction of the National Quality Framework (NQF) in 2012 brought Family Day Care into line with Centre-Based services in terms of compliance and quality.

Our organisation's response to was to restructure and inject resources, in order to increase our capacity to deliver high quality/high compliance. No additional government funding was provided to any Family Day Care provider

to support the transition to the new Framework. We absorbed the higher costs to the greatest extent possible.

A compulsory change in ratios of Family Day Care Educator: pre-school aged children from 1:5 to 1:4 became mandatory in January 2014 as part of the NQF. This meant a 20% drop in income for individual Educators, as well as a 20% drop in CSP operational funding for our Coordination Unit. Again, there was no government funding for Family Day Care Services to offset this drop in income. While the drop in ratios is generally welcomed as a measure towards improving quality, compliance and the overall outcomes for children, parents and Educators alike; the financial impact of this on all Approved Providers/Coordination units was in conflict with the heavier cost burden of supporting the increase in quality and compliance monitoring.

Being ineligible for the Community Support Program (operational funding) from July 2015, represents a drop of at least \$400,000 per yr in CSP funding alone, plus the loss of associated fees and levies as we lose families who can no longer afford child care and Educators who can no longer operate.

Considering the recently announced changes which came with no prior indication or warning, we now face viability challenges. The burden of the recently announced changes on the back of the changes imposed in the last 2 years severely compromises our ability to continue to deliver high quality and high compliance.



Since January this year our organisation has made 8 redundancies and other cost reductions, including relocating premises.

We are reviewing our delivery model and our business model right now, and implementing dramatic changes to prepare for the changes. The new delivery model will operate at a lower cost, however this will not equate to more than 10% of the \$400,000 shortfall. We will only be able to make up this shortfall by passing on higher fees to families and to Educators.

We live in a region of high social and economic vulnerability (Central Coast NSW, Wyong Shire). Wyong Shire has an unemployment rate of 6.6%, 1.5% higher than the national average. Sadly, 64.9% of the people who are unemployed have been so for over 12 months, with many Wyong Shire families having the sad statistic of being generationally unemployed. Family Day Care will no longer be affordable and accessible to many local families. Educators who have prided themselves on keeping fees to families low and affordable, will opt out of education and care. More parents will be unable to work. This will place greater pressure on the social welfare and child protection systems, and many more vulnerable children will be 'invisible', and at greater risk.

Family Day Care has thus far been an accessible and affordable early childhood education and care option for families. The model is rapidly increasing in popularity, especially since the introduction of the National Quality Framework in 2012. The Framework brings Family Day Care into line, from a compliance and quality perspective, with centre-based care. Our Family Day Care Service has welcomed and supported this change.

Accessibility and affordability are critical in the Wyong Shire, an area recognised for its increasing population and large and growing number of disadvantaged and vulnerable families.

In particular, we support 190 aboriginal families across our programs, 70 in Family Day Care.

The Australian Early Development Index places 10% of Australian children in the category of developmentally vulnerable upon entry to school. Wyong Shire, where we sit, has the shocking legacy of having 45% of its children considered developmentally vulnerable.

The Family Day Care model is not only more affordable and more accessible to such families, the model is highly effective in meeting the needs of children with additional support needs, providing support for the entire family, and is highly effective in supporting positive parenting and preparing children for entry to school.



Many families choose Family Day Care on price, but many also choose it on quality, flexibility, to have their children educated and cared for in smaller groups, and for more individualised education and care that is provided to their children in the Family Day Care model.

Compared to centre based care, Family Day Care Educators, especially in Wyong Shire, are dispersed right across a geographically very large area. Under the Framework, Educators require support for their professional development, programming, environments and must be supervised and supported to ensure continuous full compliance with the Education and Care Regulations by their approved providers, Family Day Care Services. This is critical to the quality of the model, and that is not in dispute. But the logistics of monitoring compliance and supporting Educators in the two models are vastly different, as are the associated costs.

The changes announced by the Government in May are proposed to be implemented by July 2015. "The Department of Education announced that:

- *"its aim is to bring operation funding into line with funding for long day care centres and out of school hours care"; and*
- *"the Family Day Care Sector is now well established and viable"; and*
- *"direct financial assistance is no longer justified which is why funding should be better targeted to areas of genuine need"; and*
- *"this gives FDC services over 12 months to implement new business models".*

These are huge assumptions. In reality, this means that new business models not only to have been introduced within 12 months (and we are already 9 weeks in); the income needed for services to remain viable must be able to be generated from such business models, sustainably in less than 12 months. Aside from all possible cost cutting measures our service has already implemented, this income may only be gained from increased fees to families and to Educators. Both groups already financially challenged by the previous changes, and other measures announced in the recent Federal Budget.

If our response is not effective and successful in attracting and retaining families and Educators, and our service is no longer viable, and goes out of business, **this will affect over 800 hundred local families, 1500 children, 120 Educators (across all programs), and an overall staff of 40 people. This will have a flow on effect to the families who no longer have this model of childcare as an option. Their ability to train and to work will be severely compromised**

We accept that funding the current level and growth in operational funding to a service model that is becoming more popular by the day may seem superficially to



be unsustainable for the Government. However, we strongly believe that, **rather than removing funding, the extension and expansion of Family Day Care is an investment in Australia's future.** To invest rather than divest, supports a model that is vital in achieving positive outcomes for vulnerable families and indeed securing and extending Australia's future workforce, reducing the burden on the welfare and health systems.

At the very least, the realities of **a reduction on this scale and in this timeframe will hit all services large and small.** All Family Day Care services face severe viability challenges as a result. Larger services like ours are actually the best positioned to make best use of the economies of scale, minimising administration and overhead costs. All families and children will be affected, especially the most vulnerable, and the community and our future will be poorer from all perspectives as a result of these changes.

The communication released by the Department of Education following the Federal Budget stated the changes were being "*made in a way that is fair sensible and sustainable*". We strongly disagree and urge the government to reconsider this change, or apply it in a way that is truly fair sensible and sustainable.

**As previously stated, the cumulative effect of these changes, together with a number of recommendations in the Draft Productivity Commission Report, and the Draft Report's overall neglect of the Family Day Care and In Home Care model raise serious concerns for our entire region, and for many other communities across the nation.**

## Response specific to the Productivity Commission recommendations

Child and Family Services Manager Vicki Geach spoke for our service at the public hearing in Sydney on Thursday 15 August 2014. Outline below...

I am here today to speak to the findings of the Productivity Commission's Draft Report into Childcare and Early Childhood learning and would like to address this by reflecting directly on the outcomes sought within the Terms of Reference in this report. Outcomes commissioned by our Treasurer, the Honorable Joe Hockey. Outcomes which we, at Child and Family Services Wyong Shire believe are already being met by Family Day Care but not necessarily recognised, not only by the government in this report, but also within our own industry.



Child and Family Services Wyong Shire is a whole family service which provides Family Day Care, In Home Care and several Family Support Programs.

We are, by the very nature of the work we do, partners in parenting in a community which has been nationally recognised as having high levels of unemployment, domestic violence, drug and alcohol addiction, social isolation and poor educational attainment. As such, the role of our organisation within our community supports many vulnerable families to achieve positive outcomes for their children, but also to break the cycle of intergenerational unemployment and welfare dependency.

CFSWS believes that findings within this report do not adequately reflect the role that the Family Day Care model already plays in providing positive outcomes in line with these government objectives.



## **Objective 1:**

### **Support workforce participation**

Within our organisation alone, one of 735 Approved Family Day Care Providers throughout Australia, there are over 90 Educators, 40 staff and 30 In Home Care Educators. FDC and IHC directly supports women participating in the workforce, yet funding to FDC has been cut so significantly that these women could potentially become a part of the statistics that this report aims to improve. The impact from the closure of our service would directly contribute to the nation's unemployment levels by placing over 160 women in competition for jobs. Additionally, over 800 families within our service, and over 1500 children would be displaced from their childcare arrangements, a hole which could not be met within other services. This would impact on the ability for the people within these displaced families to remain in permanent employment also.

CFSWS programs provide a soft entry into childcare for people who would otherwise experience barriers to employment and quality early education and care. We are the conduit through which families find their feet, children are linked to early intervention services and steps along the journey to a new life are made.

CFSWS currently supports a large number of families who work unusual hours to participate in the workforce and ensure their children are being educated and cared for in a safe, happy, nurturing environment. We have IHC educators who arrive at family homes as early as 4.00am to care for children. Others take children from home in the morning to their FDC Educator and then collect them in the afternoon. Some Educators take children overnight, on weekends and as late at 11.00pm to support commuting families, families who shift work and families who work irregular shifts. These families are being actively and effectively supported by our service to participate in the workforce. These families go to the jobs feeling happy and confident that their children are being nurtured by trained professionals with the support of a highly skilled and long standing community focused organisation.



## **Objective 2:**

### **Address children's learning and developmental needs.**

The Draft Report cites on multiple occasions, how the "relationship between the infant and parents or caregiver shapes the architecture of the brain". It further states that "long hours in care for children under 12 months and multiple care arrangements can be associated with later behavioural problems and have other negative affects". CFSWS would argue that unlike other service types, FDC is uniquely placed to simulate a nurturing, one on one, home like relationship for our most vulnerable children.

This has the added benefit of supporting workforce participation while at the same time addressing children's developmental needs. FDC Educators are the same person, all day, every day. They form close bonds with children, provide a home away from home environment and support family's routines. These factors are overlooked in the Draft Report and cutting our funding will impede our services ability to continue to provide this.

In a community where there is an ever increasing number of children who experience anxiety, trauma, speech and language difficulties and other ongoing early intervention, Family Day Care, with its lower ratios, exclusive relationships and non-threatening environment is able to intensively support these children and their families to achieve positive outcomes. Children living with autism, manage more effectively in settings with lower ratios and less chaos. These children, who do not cope well with change, can have a much more productive early childhood education when their specific needs are catered for in a more home like settings with one Educator. Additionally, Educators are able to work closely with families to effectively transition children into school by providing individual programs and one on one support, allowing these children to prepare in a time and manner that suits them, knowing that they are being encouraged along the way by somebody they know, trust and love.



### **Objective 3:**

#### **Flexible to suit the needs of families including families with non-standard work hours and disadvantaged children.**

CFSWS sits right in the heart of Wyong Shire, an area widely recognised as having a vulnerable community with high levels of disadvantage. A number of the families and children we support find us through case workers and support agencies. Our Educators do much more than educating children, they role-model parenting skills to families and often become mentors and advisors on child development, behaviour, nutrition, childhood illness, wellbeing and as such strengthen families. FDC is all about relationships-relationships between Educators and CU staff and Educators and families. Because of the small group setting, Educators develop strong close trusting relationship with families, and because of these relationships families often confide in/seek help from Educators who in turn are able to be supported by CU staff. Should families need additional support, CFSWS has a range of other programs and accessing these programs is less confronting for families/is a softer entry point, because of the relationships and trust they have developed through FDC. Families often maintain close relationships with Educators after children have moved on, sharing children's progress and achievements and returning for visits and special occasions, some Educators even provide education and care for the children of these children.

These stories from within our own service and around the nation, demonstrate the importance of outcomes over outputs. The positive outcomes of participating in our programs, for families in need of support, set them on a path to success. These positive outcomes are what we need to be the focus for long-term changes to workforce participation and child development. Under the recommendations of the Draft Report, these families may not be eligible for any type of fee subsidy in ECEC services and consequently the outcomes for both the child and parent would never be realized.

The Australian Early Development Index places 10% of Australian children in the category of developmentally vulnerable upon entry to school. Wyong Shire, where we sit, has the shocking legacy of having 45% of its children considered developmentally vulnerable. In effect, unless intervention from Community Services was needed under a new model, these families would be invisible in the community until the child was required to attend school. Images like those of Tanilla, Ebony and Keisha, Australia's forgotten children may become a much more common part



of our media landscape, should vulnerable families lose the ability to affordably access quality early education and care services. These children will have been failed by our government in the formative early years which are recognised as having an enormous impact well into adult life.

“Research supports the economic argument that investing in the early years will benefit not only children but all of society in the long run. For every \$1 spent on early learning for disadvantaged children, \$17 was saved by the time they were 40.” In Wyong Shire, CFSWS supports these children, however, with CSP funding removed, our capacity to continue this support will be greatly diminished, possibly non-existent.

The Draft Report flags an intention to discontinue In Home Care Program, a model which is already best placed to meet the requirements of families with non-standard working hours and additional support needs. FDC and IHC are the single most flexible education and care services available to families. Educators work longer hours, weekends, over night and whatever else is needed to support families. Flexible services are available but must be supported to remain sustainable. Why throw out a working model to invest in an unknown?

We propose that the inclusion of nannies as an approved service type would lend itself to be a valuable extension of the IHC model. The inclusion of nannies within the existing IHC model would ensure a smooth supported transition into a more regulated model, whilst ensuring that the services that monitor the nannies have the experience, support mechanisms and knowledge to successfully monitor quality and compliance.



#### **Objective 4:**

#### **Better support, flexible, affordable and accessible quality child care and early childhood learning.**

Until the recent announcement of the withdrawal of CSP funding, FDC was providing flexible, affordable and accessible quality child care under the same regulations, laws and assessment and rating process as all other service types.

FDC has had inadequate support to implement the EYLF and NQF, a change in ratios which effectively reduced income by 20%, and now significant funding cuts which in the case of CFSWS equates to \$400 000 per year.

The Draft Report states that "Successive changes to regulated staff-to-child ratios and qualification requirements applying to family day care have affected the return on labour for such providers and forced fees to increase. As was noted by many parents, recent changes to Family Day Care ratios have made our previously preferred option more costly, as our carer was forced to increase fees to cover losses".

Throughout these pressures, we have risen to each occasion with our professional purpose in mind, aiming for the same outcomes, the highest quality education and care for children in the early years. Our service has been flexible in operating hours, service delivery and meeting the additional demands placed on it by government. We have been affordable despite having a much higher compliance burden than single site services due to the nature of our geographical expanse. We have been accessible to all families, regardless of social standing, education and background. The support we offer is second to none, our families have support from multiple layers within the organisation, starting with the Educators and moving right through to the CEO.

We provide Family Support Programs and work collaboratively with agencies such as Burnside, Brighter Futures and Eleanor Duncan. This is all in jeopardy due to changes which are beyond our control. In effect, the affordability and accessibility of Family Day Care has been murdered by the cuts in CSP funding.

The Productivity Commission report seeks to find solutions for outcomes which Family Day Care are already achieving. It seeks to achieve high quality for our most vulnerable citizens and support workforce participation. Family Day Care is uniquely placed in the education and care industry to provide this, however, it will no longer be able to if our funding is cut. Family Day Care could be the hero in this report, but at the same time, is being treated like the villain or at the very least, the forgotten relation. Why, because our true value has not been considered and our voice has not been sufficiently heard. I thank you for hearing our voice today, I can assure you, we will no longer stand silently in the background.



## **CFSWS Recommendations**

### **In relation to Objective 1:**

#### **Support workforce participation**

- 1. CFSWS recommends that Family Day Care and In Home Care be recognised as an important provider of employment for many people, particularly women, within our nation.**
- 2. CFSWS recommends that, through the provision of child care that meets the broader needs and expectations of Australia's modern workforce, Family Day Care and In Home Care be recognised as an important facilitator of employment for many families, across all industries within our nation.**
- 3. CFSWS recommends that the outcomes achieved through early education and care provided through the Family Day Care and In Home Care models, in particular to vulnerable children and families, be recognised for their value in underpinning the nation's ability to:**
  - decrease multigenerational disadvantage**
  - increase educational attainment**
  - increase workforce participation**
  - reduce welfare dependency**

Family Day Care and In Home Care, are large provider of employment, particularly to women across the whole of Australia. It allows people to build businesses which complement their family life and provides the much needed flexibility to support workforce participation for those with non standard hours and unusual rosters. Rather than invest money into developing new services which can provide Education and Care to these families, consider the services which already provide this. By recognizing FDC as a flexible, high quality model of Education and Care, and endeavoring to work with services to promote and embed this concept within the public perception, Australian families will have instant and affordable access to high quality Education and Care in a home like environment. Additionally, thousands of women who currently operate these home based businesses will continue to earn an income which is not dependent on the government. Family Day Care must be recognised as an important provider and facilitator of employment for many families within our nation. To support workforce participation would surely encompass supporting Family Day Care as a service model to continue to operate.



Rather than reduce workforce participation by cutting funding to a major employer of women across our nation, why not celebrate and support this workforce participation provider and the women and men who drive it.

## **In relation to Objective 2:**

### **Address children's learning and developmental needs**

**CFSWS recommends that the Commission recognises the contribution that Family Day Care and In Home Care makes to our most vulnerable children and our youngest children. It is widely researched that children in the early years thrive on secure, nurturing relationships where they have both their physical and emotional needs met by a trusted caregiver. For many families, FDC Educators provide positive role modeling, nurturing relationships and a safe, secure environment where children can confidently and comfortably grow and develop.**

Recognise the contribution that FDC makes to our most vulnerable children, our youngest children and our children with families working non standard hours. It is widely recognised that for children in the early years, particularly between birth and three years, children thrive when cared for and nurtured by caregivers who are highly responsive to their needs and with whom they develop close bonds. It is evident that this is a niche that can and is well filled by current FDC and IHC services. The children utilizing these services have access to home like settings (particularly important overnight) and small group settings with a familiar caregiver. These children form bonds which cannot easily be formed in other care arrangements; they become a part of the family and develop relationships which are everlasting. Children within a Family Day Care setting are fortunate enough to be part of a small group in a comfortable, secure environment. They are given opportunities to explore the world with the support of a caring, dedicated adult. They are additionally afforded opportunities to engage with the local community by accessing external activities such as visits to museums, nature trails, shows, community centres, aged care facilities and much more. These opportunities, serve to teach children very effectively about the world in which they live, to become connected to their community, to learn about the environment and to care for other community members. These are opportunities which are not always available in other service types or within the family home. FDC is uniquely placed to provide children with a well rounded education based around real life experiences and a deep sense of community.



### **In relation to Objective 3:**

**Flexible to suit the needs of families including families with non-standard work hours and disadvantaged children.**

- 1. CFSWS recommends that Family Day Care and In Home Care be recognised for their flexibility, value and tangible outcomes in supporting families working non standard hours, and with disadvantaged children**
- 2. CFSWS recommends that rather than investing in new service types, the Commission recommends government investment to expand and enhance Family Day Care and In Home Care**

Since the conception of Family Day Care services in Australia, FDC has provided flexible education and care to suit the needs of families. Rather than investing in new service types which can offer 24 hour care, why not consider supporting FDC to provide and expand on its current services. In order to support FDC to provide this service, consideration must be given to the additional cost of supporting Educators in the field during these non standard hours and across a broad geographical area. It is absurd to assume that the cost of operating a Family Day Care Service can be compared with of ECEC services, due in part to the higher ratio, requiring more Educators to care for children and also the geographical expanse. The shire within which our operation sits covers 827km<sup>2</sup> with a large body of water sitting right in the middle. In order to ensure high quality care is being provided to our families, as well as to meet regulatory requirements, our team is on the road continuously visiting educators and families and monitoring services. These costs are not factored into the deemed costs of child care set out in this report. In order to maintain this service, and to ensure the future viability of FDC as a service model, FDC must be considered under a separate CCB costing which provides an additional amount to support coordination units. With the increased eligibility criteria for CSP funding deeming many services no longer eligible, the true deemed cost for continuing this service would be approximately \$0.70 per hour per child.

The many accomplishments of FDC services in providing flexible education and care to families across Australia should be celebrated and widely recognised as being crucial in the early years. Family Day Care as a model, must have additional funding to continue to provide this most valuable service, it must be recognised for the role it plays in assisting families to participate in the workforce whilst providing high quality education and care 24 hours per day, 7 days per week.



#### **In relation to Objective 4:**

#### **Better support, flexible, affordable and accessible quality child care and early childhood learning**

**CFSWS recommends that the Productivity Commission recognises the support, flexibility, affordability and accessibility that Family Day Care and In Home Care provides to those in our community who are the most vulnerable**

**CFSWS recommends the Commission urges government to recognise the cumulative effect of industry changes since 2012 and their impact on the FDC Models; to reconsider recent decisions around Community Support Program funding, and instead, to invest in this vital model for future of this nation.**

FDC and IHC provide a “soft entry” approach for families who have barriers to employment and childcare, who are distrusting of “institutionalized services” due to past experiences and who require support and mentoring to achieve positive outcomes for their families.

FDC is currently affordable for many more families than other service types due largely to the commitment of Educators in supporting their FDC families. Many Educators are already loathe to pass fee increases on to families, this is particularly prevalent in areas such as Wyong Shire which has high levels of unemployment, domestic violence, social isolation and low levels of education. These are the children who must remain visible in our community and these children will no longer be able to access high quality education and care services. They recognise that increasing fees will mean many more families are no longer able to afford early education and care for their children and will withdraw their children and some will leave the workforce as a result.

Finally, in relation to our service, Child and Family Services Wyong Shire Inc:

Child and Family Services Wyong Shire Inc has been a valuable community organization across Wyong Shire and the greater Central Coast region for the past 30 years. It is not only a Family Day Care service but could be considered a whole family service. CFSWS as an entire entity adds enormous value and positive outcomes for thousands of children and families across our region. Programs provided by our service include:

- Family Day Care across Wyong Shire



- In Home Care across the entire Central Coast
- The Aboriginal Language Outreach Program
- ACORN- supporting jobless and vulnerable families
- Aboriginal Supported playgroup
- Supported playgroup
- Creche services to young parents programs
- JET crèche services funded under BBF

It is important to note that changes to our organisation due to ECEC services all being “lumped” into one category could well result in an entire organisation ceasing to exist. 30 years of community advocacy, passion and positive outcomes will be lost. We ask that you look at services on a case by case basis, see how they add value to the community, look for the history, philosophy and advocacy role that they play in areas of disadvantage and consider whether all services can truly be classified as the same. We are not entitled to CSP funding because private, for profit services have been given permission to commence operating in our community. Whilst these operators are providing a valuable service, they cannot be compared with CFSWS. They operate to make money and operate only to provide FDC. We are different, we are valuable, we want to create a legacy for future generations.

We ask that you consider services, such as ours, which contribute so much to the community across a broad number of programs to be valuable enough to retain funding and be eligible for CSP support. Consider the deemed costs of operating an FDC service as being higher than those of other service types and finally, consider the impact that the closure on services such as ours will have on the community.

Thank you very much for taking the time to read through our submission and as stated earlier I am available for any consultation regarding FDC settings and more specifically CFSWS post this process if you feel it appropriate.

Vicki Geach

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