

FDCA ELECTION
COMMITMENT REQUESTS
**MAJOR PARTY
RESPONSES**

FAMILY DAY CARE AUSTRALIA






FDCA ELECTION COMMITMENT REQUESTS MAJOR PARTY RESPONSES







Family Day Care Australia (FDCA) has requested that the major parties commit to FDCA's Election Commitment Requests below, under the six key policy areas of Affordability and Women's Workforce Participation, Women's Economic Security, Regional Economic Development, Flexibility, ECEC Workforce Support and Accessibility.







Below are the responses received which will help in informing members on polling day as to which party will best support the family day care sector beyond the







upcoming federal election. The responses have been provided by:

- The Hon Stuart Robert MP, Acting Minister for Education and Youth and Member for Fadden
- The Hon Amanda Rishworth MP, Shadow Minister for Early Childhood Education and Development and Member for Kingston
- Mr Adam Bandt MP, Leader of the Australian Greens and Member for Melbourne

Policy Area	Commitment Request	The Coalition	The Australian Labor Party	The Greens
1. Affordability and Women's Workforce Participation	Raise the hourly CCS fee cap rate for family day care in line with the calculation afforded to centre-based care services so that it more accurately reflects the cost of providing family day care.	 <p>Commitment Indication: No</p> <p>The Government provides more than \$10 billion per annum in targeted financial support through the Child Care Subsidy (CCS) and related programs to assist Australian families with the costs of child care.</p> <p>In relation to the CCS hourly rate caps, I note that the Government introduced these to ensure a more sustainable child care system and addressed inflationary problems that existed under the previous child care fee assistance system. The CCS hourly rate caps are indexed in July each year and do not limit the prices providers may charge but instead provide Australian families and a provider with a reference point as to what Government considers a high fee service.</p>	 <p>Commitment Indication: Other</p> <p>Labor will improve the affordability of early learning. We will increase the child care subsidy rate for 96 per cent of families, which will let families work the hours they want and need.</p> <p>Labor will also ask the ACCC to conduct a market study into the sector. This study will look at the cost structures and drivers in the sector, staff and educator costs, and the viability and profitability of the sector.</p> <p>As part of this study, the costs and viability of family day care will be examined.</p>	 <p>Commitment Indication: Yes</p> <p>The Greens understand the current subsidy needs to be reviewed and raised in consultation with providers, educators and their unions, and families who access the service. We commit to reviewing and raising the current hourly rate of the subsidy in consultation with the Family Day Care educators and the sector in general.</p>

Policy Area	Commitment Request	The Coalition	The Australian Labor Party	The Greens
2. Women's economic security	Commit to the provision of a direct funding support program for family day care approved services to assist in the recruitment, induction and training of new family day care educators.	 <p>Commitment Indication: No</p> <p>The Government acknowledges that further work needs to be done to develop, recognise and support a high quality early childhood workforce. For this reason, the Government is investing significantly in workforce-boosting initiatives, including:</p> <ul style="list-style-type: none"> • through the Graduates package, where the cost of an early childhood teaching qualification has been reduced by 42 per cent, and • through provision of the JobTrainer Fund to deliver free or training places in areas of national need, including for child care qualifications. 	 <p>Commitment Indication: Other</p> <p>Labor in government will work with FDCA and the sector to identify existing small business, apprentice and training support programs across government that could support family day care services and educators and make any appropriate changes to these programs.</p>	 <p>Commitment Indication: Other</p> <p>The Greens will work with Family Day Care educators and the sector to reduce barriers faced by the sector in the recruitment, induction and training of new family day care educators, including through the provision of direct funding support.</p>
	Commit to the provision of a direct funding support program for new family day care educators to assist in overcoming some of the financial barriers to entry into the sector in establishing their micro-business.	 <p>Commitment Indication: No</p> <p>*See above response.</p>	 <p>Commitment Indication: Other</p> <p>Labor in government will work with FDCA and the sector to identify existing small business, apprentice and training support programs across government that could support family day care services and educators and make any appropriate changes to these programs.</p>	 <p>Commitment Indication: Other</p> <p>The Greens are committed to working with Family Day Care educators and the sector to reduce the barriers faced by new family day care educators.</p>

Policy Area	Commitment Request	The Coalition	The Australian Labor Party	The Greens
3. Regional Economic Development	Work with FDCA and the family day care sector to explore options to increase viability and incentivise family day care service growth in rural and remote areas.	 <p>Commitment Indication: Yes</p> <p>The appointment of a Regional Education Commissioner is part of Government's response to the National Regional, Rural and Remote Tertiary Education Strategy (Naphthine Review) and the role will also extend to primary, secondary and early childhood education matters. The Government has committed \$6 million over four years to establish this role to improve regional education outcomes and reduce the disparity between city and country student outcomes.</p> <p>The Government welcomes your interest in working further with the to explore options to increase viability and incentivise Family Day Care service growth in rural and remote areas, and welcomes your continued engagement through key consultation forums such as the Early Childhood Education and Care Reference Group.</p>	 <p>Commitment Indication: Yes</p> <p>Family day care provides a vital role in supporting rural and regional communities, often where there is no alternate care option.</p> <p>Labor in government looks forward to working with FDCA and the sector on ways to boost the viability of family day care, particularly in rural and regional areas.</p>	 <p>Commitment Indication: Yes</p> <p>The Greens recognise the important role Family Day Care providers fulfil, especially in rural and remote areas. We commit to working with the sector to increase viability for services, especially those operating in rural and remote areas and in areas of disadvantage.</p>
4. Flexibility	Reform funding frameworks to reflect the higher costs of providing non-standard hours care through provision of an additional loading of 20% to the Child Care Subsidy (CCS) fee cap for family day care undertaken in non-standard hours, overnights and weekends.	 <p>Commitment Indication: No</p> <p>*See response to Commitment Request 1 above.</p>	 <p>Commitment Indication: Other</p> <p>Labor will ask the ACCC to conduct a market study into the sector. This study will look at the cost structures and drivers in the sector, staff and educator costs, and the viability and profitability of the sector.</p> <p>As part of this study, the costs and viability of family day care will be examined.</p>	 <p>Commitment Indication: Other</p> <p>The Greens will work with the Family Day Care sector and educators to ensure non-standard hours care is funded in line with the costs of providing this care, ensuring proper earnings for educators and in line with community expectations, such as those of families using non-standard hours of care.</p>

Policy Area	Commitment Request	The Coalition	The Australian Labor Party	The Greens
5. ECEC Workforce Support	Work with FDCA and the family day care sector to implement specific strategies outlined in Focus Area 2 (Attraction and Retention) of the draft National Workforce Strategy to promote growth in the family day care sector nationally.	 <p>Commitment Indication: Yes</p> <p>The National Children's Education and Care Workforce Strategy targets some of the more complex and long-standing issues associated with the attraction, development and retention of a high-quality ECEC workforce. An implementation plan to guide collaboration between all stakeholders to achieve the National Children's Education and Care Workforce Strategy's aims is being developed by ACECQA and will be delivered to governments in mid-2022.</p> <p>The Government is actively considering its contribution as part of the implementation planning process and I encourage FDCA to continue to provide advice to ACECQA on the opportunities within the Family Day Care sector.</p>	 <p>Commitment Indication: Yes</p> <p>Labor supports the National Children's Education and Care Workforce Strategy and will work with the sector on an implementation plan.</p>	 <p>Commitment Indication: Yes</p> <p>The Greens accept recommendations to attract and retain educators in all types of child care and early learning settings, as outlined in the Ten Year National Children's Education and Care Workforce Strategy. The Greens believe the actions and initiatives outlined in the strategy should be implemented across the entire early childhood education and care sector, including Family Day Care.</p>
6. Accessibility	Review the efficacy of the Inclusion Support Program (ISP) in supporting family day care services that care for children with additional needs, with specific attention given to utilisation by the family day care sector and take-up of the Inclusion Development Fund (IDF) Family Day Care (FDC) Top Up payment.	 <p>Commitment Indication: Other</p> <p>The Refreshed ISP Guidelines in March 2020:</p> <ul style="list-style-type: none"> introduced changes to eligibility requirements to include a targeted cohort of children with additional needs under six years of age expanded eligibility to children participating in a preschool program in Centre Based Day Care increased the timeframe for Immediate Educator from 8 to 12 weeks and from 100 to 150 hours increased scope for approval of Innovative Solutions Support. <p>Eligibility for the IDF Subsidy was broadened from children with disability to include children with other additional needs, such as those with serious medical or health conditions, including mental health and children presenting with challenging and trauma-related behaviours.</p>	 <p>Commitment Indication: Other</p> <p>Labor will have a look at how the Inclusion Support program is working and how it can be improved.</p>	 <p>Commitment Indication: Yes</p> <p>The Greens are committed to ensuring funding for children with additional support needs matches the actual cost of providing this support. We will review the efficacy and inclusion of ISP, in consultation with all types of early childhood education and care providers, including Family Day care educators.</p>

APPENDIX A:
REQUEST FOR ELECTION
POLICY COMMITMENTS
FOR THE FAMILY DAY
CARE SECTOR 2021

REQUEST FOR
**ELECTION POLICY
COMMITMENTS**
FOR THE FAMILY DAY CARE SECTOR
2021

FAMILY DAY CARE AUSTRALIA



MESSAGE FROM THE CEO

I welcome the opportunity to provide the Leaders of Australia's major parties, along with relevant Ministers and Shadow Ministers, with Family Day Care Australia's (FDCA) election commitment requests on behalf of the family day care sector.

It is our unwavering and evidence-based position that through several simple and cost-effective targeted initiatives, in line with existing workforce and funding programs, the next Australian Government has the opportunity to increase the capacity of the family day care sector to assist in achieving a range of indisputably important objectives of government, those being to:

- increase economic security for women;
- enhance workforce participation (particularly for women);
- increase flexibility in and accessibility to early childhood education and care nationally; and
- strengthen economic growth in regional, rural and disadvantaged areas.

These objectives are clearly in line with those of all parties across the political spectrum. We ask that you, as Leader of the Liberal Party of Australia, take the opportunity now to re-evaluate the immense value of the sector and its potential to assist in attaining these objectives through a pledge to the election commitment requests outlined herein.

About FDCA

FDCA is the national peak body for family day care. Our mission is to represent, support and promote the family day care sector in delivering high quality early childhood education and care to more Australian children. Our aim is to ensure the strength and continued growth of the sector in Australia and to support high quality learning and developmental outcomes for children. We are an apolitical, independent, not for profit national peak body that represents a national membership of over 11,300 family day care educators and 430 approved services.

About family day care

Family day care educators comprise one of Australia's largest networks of women in small business.¹ Family day care is an integral component of the regulated early childhood education and care (ECEC) sector in Australia that takes place in the educators' homes and operates under the National Quality Framework (NQF). Family day care is the option of choice for more than 66,500 families across Australia, providing ECEC for 94,710 children.²

FAMILY DAY CARE SNAPSHOT

94,710
CHILDREN

66,500
FAMILIES

11,300
EDUCATORS

430
APPROVED
SERVICES

53.6%
IN LOWEST
SEIFA
DECILES

25.2%
IN REGIONAL
AREAS

By its very nature family day care reflects the socioeconomics of the communities in which services operate and is able to tailor service delivery to suit the individual needs of children and families. The family day care sector provides much needed ECEC for Australian families in areas of high disadvantage, with 23.8% of educators providing family day care in areas that are ranked in the two highest deciles on the SEIFA index (representing areas of highest socio-economic disadvantage) and over half of educators (53.6%) being located in areas ranked in the first five deciles of the SEIFA index.³ Furthermore, a steady 25.2% of family day educators operate in regional and remote areas of Australia.⁴ In some of these areas, family day care is the

1 ABS (2015), *A Profile of Australian Women in Business* accessed at www.pmc.gov.au/sites/default/files/publications/profile_of_australian_women_in_business.pdf

2 Department of Education, Skills and Employment, *Child Care in Australia Report*, March Quarter 2021

3 Family Day Care Australia, *Family Day Care Sector Profile*, June 2021

4 Ibid.

only option available for child care. Family day care is also the largest provider of subsidised non-standard hours care, is meeting the changing needs of families amidst an evolving Australian workforce.

The unique structure of the family day care service delivery model, its flexibility, capacity to provide for non-standard hours education and care (including overnights and weekends), cannot be understated in its ability to respond to Australia's shifting workforce participation trends. Additionally, the COVID-19 pandemic shone a light on family day care as the most responsive form of early childhood education and care across the pandemic's undulating lockdowns and social restrictions, as evidenced by the strong attendance levels across the peak periods of the pandemic, which was emphasised in the Australian Government's "ECEC Relief Package Four Week Review Summary Report".

What are we asking for?

With the right form of targeted support, there is room to grow the capacity in the family day care sector and meet the diverse child care needs of families across Australia. We have the opportunity to enable more women to own their own business whilst supporting their own community, particularly in regional Australia and in disadvantaged areas. In turn, this can help overcome the current ECEC workforce crisis.

It should be noted that the recently published *National Children's Education and Care Workforce Strategy "Shaping our Future"*, endorsed by all governments, emphasises the need for dedicated support structures to grow the ECEC workforce in regional areas. As outlined herein, family day care is the ideal ECEC model for many regional areas due to the home-based satellite structure of the service; however, just as importantly, the service type presents enormous opportunities for increasing workforce participation and strengthening women's economic security in regional areas, with the right supports in place.

FDCA contends that it will be an opportune time for the next Australian Government to reassess approaches to supporting family day care, focusing on incentivising entry into the sector, supporting approved services to engage new educators, and more flexible and sustainable service delivery. We urge Australia's next government to better support family day care as a vital component of an ECEC system that our children, families and communities need and deserve.

This document outlines the election commitments that FDCA, on behalf of service and educator members, request of our incoming government. The requests are based on the results of a nation-wide survey that was sent to all FDCA members in October 2021.

Please see Appendix A for the response form. Please fill in the form and return it to FDCA's Advocacy and Engagement Manager Michael Farrell at michael.farrell@fdca.com.au by end January 2022.

Please don't hesitate to contact me at any time if you require clarification or more information.

I very much look forward to your responses to each of FDCA's election commitment requests. FDCA will make your responses available to all FDCA members.

Thank you for your consideration in these exceptionally important matters.



Andrew Paterson
CEO
Family Day Care Australia

ELECTION COMMITMENT REQUESTS

FDCA requests that the major parties commit to FDCA's election commitment requests below, under the 6 key policy areas of Affordability and Women's Workforce Participation, Women's Economic Security, Regional Economic Development, Flexibility, ECEC Workforce Support and Accessibility.

1.

AFFORDABILITY AND WOMEN'S WORKFORCE PARTICIPATION

Raise the hourly CCS fee cap rate for family day care in line with the calculation afforded to centre-based care services so that it more accurately reflects the cost of providing family day care.

4.

FLEXIBILITY

Reform funding frameworks to reflect the higher costs of providing non-standard hours care through provision of an additional loading of 20% to the Child Care Subsidy (CCS) fee cap for family day care undertaken in non-standard hours, overnights and weekends.

2.

WOMEN'S ECONOMIC SECURITY

Commit to the provision of a direct funding support program (an "Approved Service Engagement Payment") for family day care approved services to assist in the recruitment, induction and training of new family day care educators.

Commit to the provision of a direct funding support program (an "Educator Start-up Grant") for new family day care educators to assist in overcoming some of the financial barriers to entry into the sector in establishing their micro-business.

5.

ECEC WORKFORCE SUPPORT

Work with FDCA and the family day care sector to implement specific strategies outlined in Focus Area 2 (Attraction and Retention) of the draft *National Children's Education and Care Workforce Strategy* to promote growth in the family day care sector nationally.

3.

REGIONAL ECONOMIC DEVELOPMENT

Work with FDCA and the family day care sector to explore options to increase viability and incentivise family day care service growth in rural and remote areas.

6.

ACCESSIBILITY

Review the efficacy of the Inclusion Support Program (ISP) in supporting family day care services that care for children with additional needs, with specific attention given to utilisation by the family day care sector and take-up of the Inclusion Development Fund (IDF) Family Day Care (FDC) Top Up Payment.

1. Affordability and Women's Workforce Participation

COMMITMENT REQUEST 1

Raise the hourly CCS fee cap rate for family day care in line with the calculation afforded to centre-based care services so that it more accurately reflects the cost of providing family day care.

Rationale

When the Government's Child Care Package was developed, the Child Care Subsidy (CCS) cap price for family day care was calculated differently than other service types.

The calculation that informs current cap rates was based on the projected mean fees at the time (2015) (post removal of top 5% of fees) and were increased by 5.75% for family day care and 17.5% for other service types. FDCA sought clarification of the rationale for this significant differentiation in treatment of family day care compared with centre-based care.

In summary, the (then) Australian Government Department of Education and Training advised that this approach was taken due to the following assumptions:

- fraudulent and/or unscrupulous practices in parts of family day care sector (at that time);
- family day care sessions of care being typically 10 to 12 hours long;
- lower overheads; and
- fees charged for non-standard hours were lower or similar to standard hours.⁵

However, due to the Australian Government's significant work over recent years in eradicating fraudulent behaviour in the sector, and the evidence subsequently generated that refutes the second and third rationales originally

proffered by the Department, FDCA maintains that the primary assumptions underpinning the calculations leading to the current CCS fee cap rates for family day care are no longer applicable and thus invalid. It is therefore imperative that the above rationale and assumptions be abandoned and the hourly fee cap for family day care be restored to an appropriate level.

A much cleaner data set is now available showing that the average hourly rate for family day care is higher than that of the centre-based day care sector: \$10.80 as opposed to \$10.65.⁶ FDCA contends that this represents a much more accurate picture of legitimate fee charging practices, and that the primary reasons for a comparatively higher mean fee in the family day care sector reflect that:

- overheads in family day care are on par with those of centre-based day care;
- family day care charges are significantly closer to actual usage;⁷ and
- family day care is the primary ECEC option delivering non-standard hours care.

⁵ Letter to FDCA from the Department of Education and Training dated 9 December 2016.

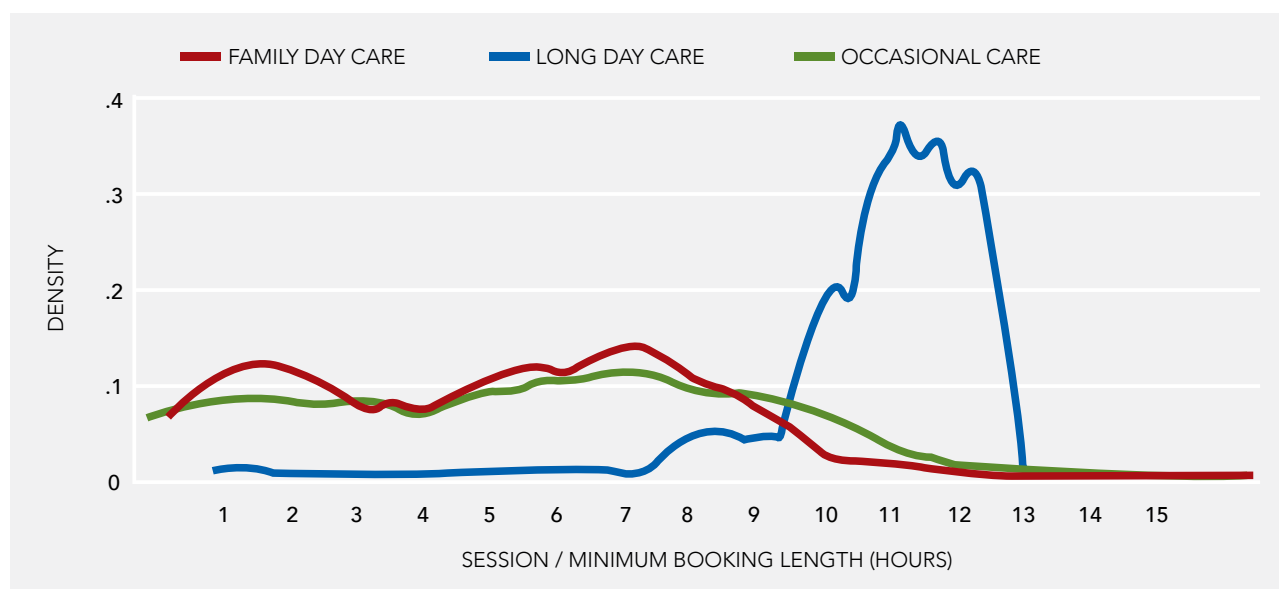
⁶ Department of Education, Skills and Employment, Child Care in Australia report, March Quarter 2021

⁷ Baxter, J., Budinski, M., Carroll, M., Hand, K., Rogers, C., Smart, J., Bray, J.R., Gray, M., Blaxland, M., Katz, I., & Skattebol J. (2019) *Child Care Package Evaluation: Early monitoring report*. (Research Report). Melbourne: Australian Institute of Family Studies.

1. Affordability and Women's Workforce Participation

The mean fee for family day care is higher than centre-based day care as, generally, booked sessions of care for family day care are shorter and a closer reflection of actual usage. The existing cap calculation was predicated upon the assumption that family day care services typically charged for sessions of care that were "10-12 hours long". However, the cleaner data set now available shows a much clearer picture. Recent research undertaken by the Australian Institute of Family Studies (AIFS),⁸ as depicted in Figure 1, indicates that unlike centre-based day care, family day care does not typically charge 10-12-hour sessions. In fact, the vast majority charge for 8-hour sessions or less.

FIGURE 1: DISTRIBUTION OF SESSION LENGTHS OR MINIMUM BOOKING LENGTHS, BY SERVICE TYPE



Furthermore, family day care services are charging significantly closer to actual usage hours than centre-based care, as indicated by Table 6.2 of the June 2019 Child Care in Australia report, revealing that 22.7% of charged hours were not attended in family day care, as opposed to centre-based care where 36% of charged hours were not attended (see Table 1 below).

TABLE 1: AVERAGE WEEKLY HOURS (PER CHILD) - CHARGED HOURS AND ATTENDED HOURS BY SERVICE TYPE, JUNE QUARTER 2019⁹

SERVICE TYPE	CHARGED HOURS	ATTENDANCE HOURS	% OF CHARGED HOURS NOT ATTENDED
Centre-based Day Care	29.7	19.0	36%
Family Day Care	24.2	18.7	22.7%
Outside School Hours Care	11.1	6.2	44.1%

⁸ Baxter, J., Budinski, M., Carroll, M., Hand, K., Rogers, C., Smart, J., Bray, J.R., Gray, M., Blaxland, M., Katz, I., & Skattebol J. (2019) *Child Care Package Evaluation: Early monitoring report*. (Research Report). Melbourne: Australian Institute of Family Studies.

⁹ Please note, this data has not been included in any subsequent editions of the Department of Education, Skills and Employment's *Child Care in Summary Report*.

The standard '12-hour session' charging practice within centre-based care essentially dilutes the hourly rate by spreading the 'total cost' across a full day. By contrast, in family day care, where charging practices more closely reflect actual usage, although the average hourly rate may be slightly higher, the total cost (and government investment) is markedly lower.

FDCA is urging the next Australian Government to invest in supporting the future viability of the family day care sector through the application of an appropriate formula for the calculation of the CCS hourly fee cap for family day care, that is, that which is applied to the centre-based day care fee cap calculation (i.e. applying a 17.5% loading to the projected mean) which would more adequately reflect the actual cost of standard hours family day care service provision. If this was applied to family day care, based on the March 2021 average fee, the fee cap for family day care would sit around \$12.69,¹⁰ which is higher than the current CCS fee cap for centre-based day care and outside school hours care.

While it is evident that the current average hourly fee for family day care is greater than that of centre-based care, FDCA would also support parity in the CCS hourly fee cap between the two service types as this would be beneficial to the Australian consumer, would better reflect the actual cost of providing family day care and would not prejudice any of the approved ECEC service types that provide ECEC under the National Law.

What do FDCA members say?

APPROVED SERVICES:

100% of approved service survey respondents support this election commitment request and 94.4% rate the issue as either vital or very important.

EDUCATORS:

96.9% of educator survey respondents support this election commitment request and 91.3% rate the issue as either vital or very important.



The CCS fee cap for FDC should be at least in line with centre-based care, if not higher. The fees are comparable as the overall cost of service delivery is spread across both educators and services, the variability of fee schedules between educators, and we charge as close to possible for the hours of care we provide.

**Approved service member,
Melbourne, VIC**

¹⁰ Department of Education, Skills and Employment, Child Care in Australia report, March Quarter 2021

2. Women's economic security

Increasing women's economic security is a significant priority of all governments. While achieving this outcome is complex and demands diverse and innovative policy and program responses, it is inarguable that equitable participation in the workforce is a core underpinning. Family day care offers women the unique opportunity to start their own micro-business, supporting secure, flexible, long-term work opportunities with significant financial autonomy, and, through the creation of child care capacity, achieving the cumulative benefit of enabling workforce participation for many more women in their community.

To present the opportunities afforded by family day care to more Australian women, we propose that a two-pronged support mechanism be initiated that supports approved family day care services to engage, train and support new educators, alongside a start-up support payment to new educators to incentivise their entry into the sector and assist in the establishment of their new micro-business, as outlined in Commitment Requests 2A and 2B below.

COMMITMENT REQUEST 2A

Commit to the provision of a direct funding support program (an "Approved Service Engagement Payment") for family day care approved services to assist in the recruitment, induction and training of new family day care educators.

Rationale

Due to the increased cost of compliance, business administration and a number of market restrictions specific to the family day care sector, many services report difficulties in the recruitment of new family day care educators. Support for approved services in the engagement, training, support and monitoring of a new

educator small businesses is a key lever in supporting growth in the sector.

Like centre-based ECEC approved services, family day care approved services must allocate significant resources in the recruitment, induction and training of new family day care educators entering the sector. However, unlike the centre-based care sector, which is supported by programs like the 'Boosting Apprenticeships Commencements' scheme that provides a wage subsidy to support businesses to take on new apprentices and trainees, there are no programs that directly support approved family day care services with the cost of engaging new family day care educator sole traders. Based on modelling from one of Australia's leading family day care services,¹¹ the direct cost to a service (in terms of staff resource allocation alone) for the engagement, induction and training of a new educator in their first 2 months is approximately \$4,000.

The Australian Government's 'Launch into Work' program may have the capacity to address this barrier by way of the 'pre-employment support payment' component of the program, providing financial support for induction, ongoing training and employment. However, again, the program guidelines are designed for the employer/employee context. The program would need to accommodate the registration of a new family day care educator sole traders, which is not currently the case.

As such, FDCA is proposing that the next Australian Government initiate a program that provides specific support to the approved family day care service whereby, in accordance with agreed conditions and eligibility criteria, the service would receive an incentive payment (an "Approved Service Engagement Payment") to assist in the allocation of resources to engaging, inducting and training new educators throughout their first 3-6 months.

FDCA engaged Deloitte Australia to review and assess the validity of a 'Workforce Output Model' developed by FDCA and provide an independent report (see Appendix B) that details the economic outcomes associated with additional government funding used towards engaging new family day care educators to provide education

11 Wynnum Family Day Care, Service Approval No. SE-00000803

and care to enable workforce participation and increase women's economic security. This model and the workforce outputs are outlined in more detail in Commitment Request 2B below, as it is based on the combination of the two commitment requests working in tandem (i.e. the "Approved Service Engagement Payment" and the "Educator Start-up Grant" combined).

What do FDCA members say?

APPROVED SERVICES:

93.9% of approved service survey respondents support this election commitment request and 91.9% rate the issue as either vital or very important.

EDUCATORS:

92.4% of educator survey respondents support this election commitment request and 71.4% rate the issue as either vital or very important.



We need funding support to be reintroduced to co-ordination units to support quality induction and training for educators and staff.

**Approved service member,
Sydney, NSW**

COMMITMENT REQUEST 2B

Commit to the provision of a direct funding support program (an "Educator Start-up Grant") for new family day care educators to assist in overcoming some of the financial barriers to entry into the sector in establishing their micro-business.

Rationale

New family day care educators can face considerable costs in the establishment of their businesses in order to comply with regulatory standards and be appropriately equipped to run a family day care business, including, but not limited to, educational programming and play equipment, property modifications to ensure child safety (i.e. fencing, safety glass) insurances (i.e. home and contents, public liability, income protection etc), Certificate III level qualifications, and first aid, asthma and anaphylaxis training. This can act as a barrier for potential new entrants to the sector, which is problematic as the sector as a whole relies on new entrants for approved services to remain viable.

Support for the educator in the establishment and initial growth phase of their small business is a vital component in reactivating sector growth. As such, we are asking the next Australian Government to commit to initiating an "Educator Start-up Grant" of \$1,750 per new family day care educator. This figure is calculated based on a start-up grant with similar features that was previously available prior to 2010 / 2011 through the Australian Government Department of Education of \$1,500, which has been adjusted to \$1,750 to account for inflation (CPI).

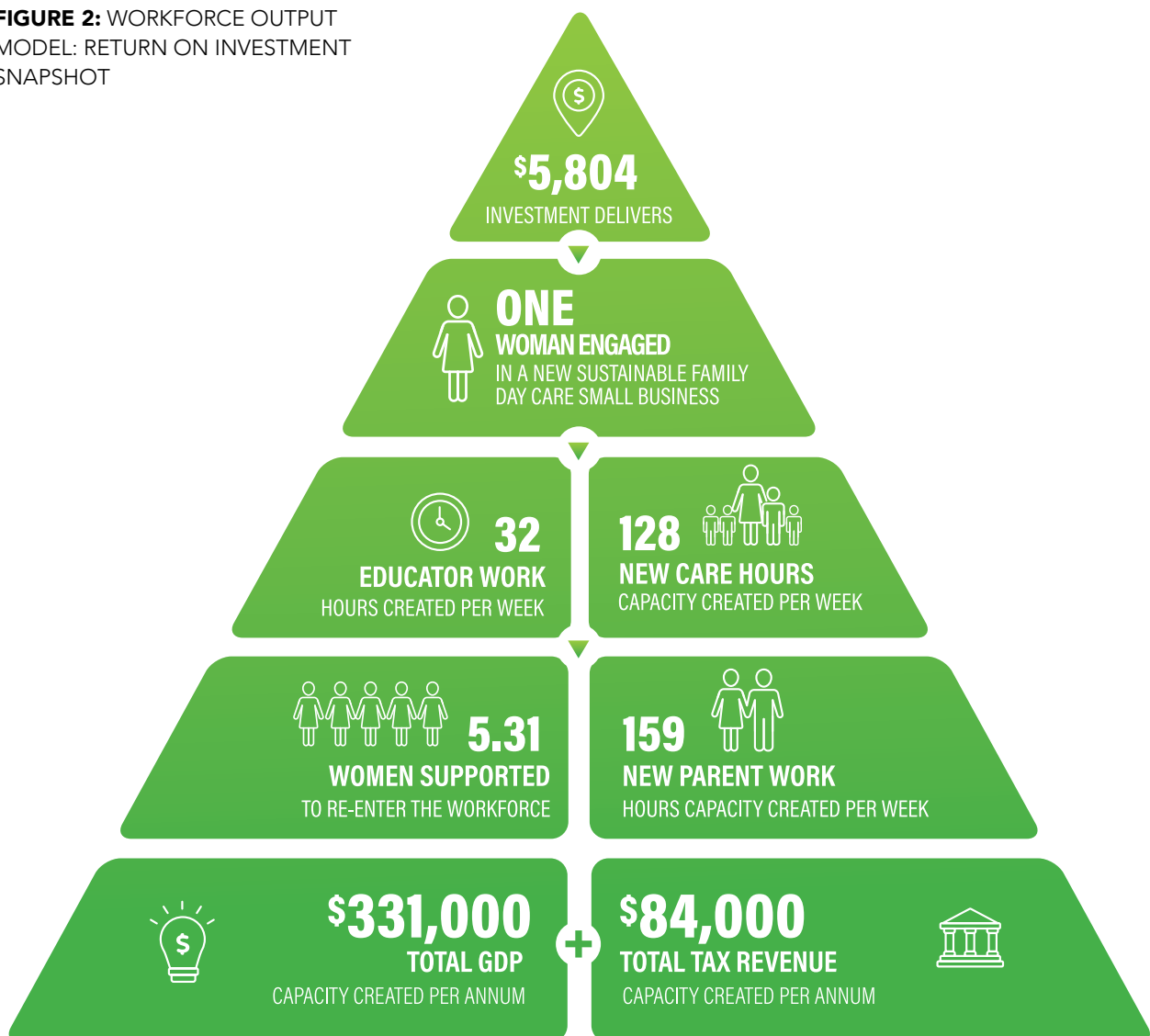
When explored in more detail, as it is in Deloitte's Review of the Workforce Output Model report (Appendix B), it is evident that the proposed additional investment by Government into the sector through these proposed measures is a policy decision that makes sound economic sense, as it generates a significant return on investment per educator.

2. Women's economic security

The Workforce Output Model: ROI Snapshot (Figure 2 below) provides a graphic summary of the return on investment of additional targeted funding programs for family day care through incentivising new educators to enter the sector and providing additional support to services to engage them. This is explored in detail throughout Deloitte's report, though in essence it shows that a funding injection of \$5,804 (a combination of the "Approved Service Engagement Payment" and the

"Educator Start-up Grant" proposed herein) to support one woman to become an educator can generate up to 191 new work hours per week and approximately a \$331,000 annual contribution to GDP, or more simply put, each \$1 invested returns 1.58 new weekly work hours capacity and approximately a \$57 annual contribution to the GDP of Australia. Extrapolate this out to multiple new educators and the economic benefits alone are immense.

FIGURE 2: WORKFORCE OUTPUT MODEL: RETURN ON INVESTMENT SNAPSHOT



It is evident that greater targeted investment by the next Australian Government in family day care through both the “Approved Service Engagement Payment” and the “Educator Start-up Grant” will not only provide for a substantial contribution to Australia’s GDP and tax revenue, and significantly increase workforce participation, but could also be a cornerstone of Australian Government policy on increasing women’s economic security nationally.

What do FDCA members say?

APPROVED SERVICES:

92.5% of approved service survey respondents support this election commitment request and 85.5% rate the issue as either vital or very important.

EDUCATORS:

87% of educator survey respondents support this election commitment request and 69.7% rate the issue as either vital or very important.



It cost me all my savings to set up for my FDC business, twice in a row now. There should be help with start-up costs – I’m sure so many more women would be keen to become a family day care educator with a bit of financial support to kick start their business.

Educator, Regional QLD



The Government’s previous start-up grant for educators was by far the best initiative to support new educators come into family day care and start their business. If it were brought back, it would go a long way in supporting new educators to come on board.

**Approved service member,
Brisbane, QLD**

3.Regional Economic Development

COMMITMENT REQUEST 3

Work with FDCA and the family day care sector to explore options to increase viability and incentivise family day care service growth in rural and remote areas.

Rationale

Family day care is well placed to be the ideal service delivery type in regional communities, though importantly also has immense potential in supporting workforce participation in such areas, yet many services are struggling to remain viable and/or recruit new educators.

In many instances, family day care is the only viable care type in regional areas; over recent months there has been a series of media articles across the country regarding women in regional communities left hamstrung in their efforts to re-join the workforce due to a shortage of available family day care in their communities.

It is evident that this problem is not new. In 2014, the Productivity Commission's Inquiry into Childcare and Early Childhood Learning cited, as one of its core objectives, that it was necessary to examine and identify future options for a child care and early childhood learning system that are "more flexible to suit the needs of families, including families with non-standard work hours, disadvantaged children, and regional families."

FDCA acknowledges that as part of the response to the Productivity Commission's inquiry into Childcare and Early Childhood Learning, the Community Child Care Fund (CCCCF) was developed and initiated in July 2018, yet the program does not focus on, nor directly precipitate additional workers entering the field and, as such, the problem of expanding the network of available child care facilities in regional areas persists.

As recently as September 2021, the National Children's Education and Care Workforce Strategy ('the Strategy'), endorsed by all governments, has emphasised the need for dedicated support structures to grow the ECEC workforce in regional areas.

"Although there has been substantial growth in the number of qualified educators and early childhood teachers, workforce shortfalls are reported across all jurisdictions, particularly in regional and remote areas."¹²

Our contention is that additional targeted funding programs for family day care through incentivising new educators to enter the sector and providing additional support to services to engage them, is the most appropriate form of support to increase the pool of family day care educators nationally. This will be particularly significant for regional areas where family day care is often the most appropriate form of ECEC, due to the home-based satellite structure of the service. This may be achieved simply through a "regional area loading" to the Commitment Requests 2A and 2B, that is, the "Educator Start-up Grant" and the "Approved Service Engagement Payment".

We recognise that existing programs, such as the CCCF, with its primary focus to financially support services in regional areas of need that would otherwise be unviable, are an important component of government funding support. However, this program doesn't appear to be a sustainable long-term prospect in producing viable, appropriate services. As noted in the CCCF open competitive grant guidelines, the CCCF was always designed as a short-term program, designed to "support eligible child care services to transition to and operate viably under the new child care system." On the other hand, one-off, targeted support streams designed to assist new sole trader educators entering the family day care sector and establishing their own micro-business have long term viability inbuilt, as there is no requirement for ongoing sustainability funding support.

12 Education Services Australia (2021) National Children's Education and Care Workforce Strategy, "Shaping Our Future: A ten-year strategy to ensure a sustainable, high-quality children's education and care workforce 2022–2031".

It is clear that expanding the early childhood education and care sector is often overlooked in regional development initiatives, and we implore the next Australian Government to re-evaluate this policy trend. Early childhood education and care must be considered essential human infrastructure for increasing workforce participation, boosting economic growth, increasing economic security (for women in particular), and family day care must be better leveraged to attain these goals if policy makers are serious about ameliorating these widespread socio-economic issues.

What do FDCA members say?

APPROVED SERVICES:

98.5% of approved service survey respondents support this election commitment request and 83.6% rate the issue as either vital or very important.

EDUCATORS:

99% of educator survey respondents support this election commitment request and 86.2% rate the issue as either vital or very important.



We need governments to better support the FDC sector as it is vital in providing essential care for families and children. Some families who work outside of normal business hours struggle to find appropriate care, especially in the country.

**Approved service member,
location unknown**

4. Flexibility

COMMITMENT REQUEST 4

Reform funding frameworks to reflect the higher costs of providing non-standard hours care through provision of an additional loading of 20% to the Child Care Subsidy (CCS) fee cap for family day care undertaken in non-standard hours, overnights and weekends.

Rationale

The Child Care Subsidy (CCS) fee cap of \$11.40 does not recognise the increased costs associated with non-standard hours family day care, including weekend and overnight care. Adding an appropriate loading to the CCS would not only better reflect the actual cost of non-standard hours family day care, but would also incentivise increased provision, which may assist the sector in better meeting the varied needs of more modern working families. FDCA's recent fee charging practices consultation showed that the average fee for non-standard hours family day care was \$13.90, therefore a loading of 20% would accurately reflect the actual cost.

It is evident that non-standard hours work for couples with families is becoming increasingly common in Australia. The Productivity Commission Inquiry Report on Childcare and Early Childhood Learning notes that:

- About half of all couple families where both parents worked, one or both parents worked variable hours or were on call.
- Working at night was also a feature of working life for many parents. In nearly 60 per cent of couple families, one or both parents usually worked some hours between 7 pm and 7 am.
- Working both during the week and on weekends was also very common amongst parents. Half of all couple families where both parents worked and one-third of single parent families where the parent worked usually worked a combination of weekdays and weekends.
- Shift work accounted for 13% of work arrangements used by either parent in families to help care for children aged under 13 years.

As such, it should be a priority for governments to incentivise family day care service delivery in non-standard hours through an appropriate loading to the CCS hourly fee cap given it is the primary regulated and Commonwealth approved early childhood education and care option that can cater for non-standard hours.

What do FDCA members say?

APPROVED SERVICES:

97.1% of approved service survey respondents support this election commitment request and 88.2% rate the issue as either vital or very important.

EDUCATORS:

96.1% of educator survey respondents support this election commitment request and 81.8% rate the issue as either vital or very important.



We need governments to see FDC for what it really is - a vital service to communities that for the most part are more like extended families, value us for our commitment to work outside the hours of a typical child care centre, ensure the CCS system appropriately acknowledges this, and accept our diversity we have within all our FDC services.

Educator, Greater Sydney, NSW

5. ECEC Workforce Support

COMMITMENT REQUEST 5

Work with FDCA and the family day care sector to implement specific strategies outlined in Focus Area 2 (Attraction and Retention) of the National Children's Education and Care Workforce Strategy to promote growth in the family day care sector nationally.

Rationale

The recent launch of the National Children's Education and Care Workforce Strategy "Shaping our Future" ("the Strategy") sets out a 10 year plan too to ensure a sustainable, high-quality children's education and care workforce.

Focus Area 2 of the Strategy outlines a number of priorities for attraction and retention of new educators into the sector stating that targeted strategies are required to overcome barriers to entry for certain groups of prospective educators, such as those in regional and remote communities. It is specifically recommended that, among other ECEC care types, specific consideration should be given to how family day care can best support the priorities outlined therein.

FDCA notes that the Strategy is intended to be a roadmap for ongoing collaboration and partnerships between sector stakeholders and it emphasises that the responsibility for implementation lies across both governments, peak bodies and providers within the industry itself. Recognising this, in 2021, FDCA has invested heavily in a national recruitment program, the "Your Business, Their Future" campaign, through which we partner with our approved service members to attract, screen and place the next generation of family day care educators.

When a prospective educator is ready to start their journey to a new family day care business, they register their interest through the online FDCA Careers Hub and enter the pre-referral recruitment pipeline. From here, candidates undertake an initial screening process with our National Recruitment Manager aimed at understanding their knowledge, skills, ability and potential to become a family day care educator. Candidates are asked to submit their relevant qualifications, checks, and complete a preliminary home suitability/safety checklist and complete a short video interview.

Once the applicant is ready to be referred to a service, FDCA will supply a list of all operational service members in their area, along with guidance around selecting a service. With the pre-referral process is complete, FDCA sends all relevant documents, checks, resume and a link to the video interview to the service for consideration. This robust process is ensuring that only highly suitable applicants are referred to approved services.

FDCA believe that this initiative is very much aligned with the goals of the Strategy and is seeking the support of the next Australian Government to expand this initiative. Existing Australian Government programs, such as the Launch into Work program, have the potential to support this initiative if minor amendments are made to the program to adapt to the family day care, independent contractor model.

What do FDCA members say?

APPROVED SERVICES:

100% of approved service survey respondents support this election commitment request and 97% rate the issue as either vital or very important.

EDUCATORS:

97.4% of educator survey respondents support this election commitment request and 77.1% rate the issue as either vital or very important.



The single biggest challenge facing our service is recruiting new educators. It's hard to get the word out there on how great an opportunity family day care is for women, their families and the communities they live in.

**Approved service member,
Regional Victoria**

6. Accessibility

COMMITMENT REQUEST 6

Review the efficacy of the Inclusion Support Program (ISP) in supporting family day care services that care for children with additional needs, with specific attention given to utilisation by the family day care sector and take-up of the Inclusion Development Fund (IDF) Family Day Care (FDC) Top Up Payment.

Rationale

Family day care is, in many circumstances, an ideal early childhood education and care environment for children with disabilities or additional needs. However, the Inclusion Support Program (ISP) is not currently supporting the sector adequately to undertake increased levels of this type of education and care. Anecdotal evidence tells us that the application and ongoing administration processes of the ISP are onerous, which is a barrier for services and educators to navigate and has thus resulted in extremely low take-up in the sector.

Most significantly, for the family day care sector, there is a component of the ISP called the Family Day Care Top Up, which is intended to support approved services to include children with a disability. However, there is no practical reason why a service would commit to applying for the funding, as it currently operates. A service not only has to allocate the extra time, resources and funds required to administer the funding, but in the process loses the small amount of administrative levy it receives from having a non-FDC Top Up child in care, as they are not allowed, under the program guidelines, to retain any of the FDC Top Up funding as an administrative levy.

As such, we ask that the next Australian Government review the efficacy of the Inclusion Support Program (ISP) in supporting family day care services that care for children with additional needs, and that specific attention be given to utilisation by the family day care sector and take-up of the IDF Family Day Care Top Up Payment.

What do FDCA members say?

APPROVED SERVICES:

98.5% of approved service survey respondents support this election commitment request and 78.7% rate the issue as either vital or very important.

EDUCATORS:

98.8% of educator survey respondents support this election commitment request and 88.9% rate the issue as either vital or very important.



We need funding for services to assist with the supports for children at risk, have high additional needs or disabilities, or are unable to access other forms of child care, to acknowledge the time and work associated from the service provider in setting up families with complex needs.

**Approved service member,
Outer Metro, WA**