

17 October 2022

Committee Secretary
Senate Education and Employment Committees
PO Box 6100
Parliament House
Canberra ACT 2600



Re: FDCA submission to the Senate Education and Employment Legislation Committee inquiry into Family Assistance Legislation (Cheaper Child Care) Bill 2022

Dear Committee Secretary

Thank you for the invitation to provide a submission to the Senate Education and Employment Legislation Committee's inquiry into Family Assistance Legislation (Cheaper Child Care) Bill 2022. Below, FDCA provides feedback on matters relating to Schedules 2 and 4 of the Bill.

Overview

Family Day Care Australia (FDCA) is supportive of the *overarching objectives* of the Family Assistance Legislation (Cheaper Child Care) Bill 2022 ("the Bill"), those being to implement a range of measures to increase the level of Child Care Subsidy (CCS) for families, improve child care provider transparency and accountability, improve data and analytics capability, and strengthen payment integrity.

However, the Bill does not address several key issues affecting viability and affordability for the family day care sector specifically. As such, please see FDCA's recent submission to the Department of Education's consultation on the CCS hourly rate cap review (submitted as an addendum to this submission) for a comprehensive brief on these matters.

FDCA is requesting that our submission to the CCS hourly rate cap review also be accepted as a submission to this inquiry, as the matters outlined therein are relevant to the objectives of the Bill relating to making ECEC more affordable for families.

However, despite these concerns, FDCA does not oppose the passing of the Bill as the measures relating to increasing the CCS rate and payment integrity are important and should not be delayed.

About Family Day Care Australia

FDCA is an apolitical, not for profit, national member association representing over 10,000 family day care educators and 422 approved family day care services. Our mission is to represent, support and promote the family day care sector in delivering high quality early childhood education and care (ECEC) to more Australian children.

FDCA supports the National Quality Framework (NQF) and the Family Assistance Law (FAL) framework which govern the ECEC sector and, as the national peak body for family day care, shares many objectives in common with the Australian Governments including:

- ensuring the ECEC sector is affordable, accessible and flexible;
- promoting continuous improvement in the provision of quality ECEC services;
- reducing regulatory and administrative burden for ECEC services, whilst simultaneously improving the efficiency and cost effectiveness of the regulation of ECEC; and
- increasing workforce participation.

Please see *Appendix A* below for a brief summary of the family day care sector.

Consultation process for the drafting of the Bill

FDCA must commend the Australian Government Department of Education for the quality and extensive nature of the consultation undertaken directly with FDCA and the broader ECEC sector through the Early Childhood Education and Care Reference Group (ECECRG) in the Bill's drafting process.

Schedule 1

FDCA supports the amendments to the Family Assistance Act in Schedule 1 of the Bill which will increase the rate of CCS that the majority of Australian families accessing approved ECEC are entitled to receive.

FDCA supports Schedule 1 changes being applied from the first CCS fortnight of the income year starting on 1 July 2023, though would also support an earlier implementation timeframe.

Schedule 4

FDCA is generally supportive of the Schedule 4 of the Bill which will introduce the requirement for ECEC providers to collect gap fees via electronic funds transfer and make good governance an eligibility requirement for provider approval, as the measures will assist in increasing payment integrity, reducing fraud and improving quality within the ECEC sector.

Through the consultation process on the drafting of the Bill, FDCA expressed that there are circumstances whereby it is not possible for families to make payment of gap fees via electronic funds transfer. We are, however, somewhat reassured that this concern was addressed through Part 2, Section 7 of Schedule 4 which allows the Secretary to make exceptions to the requirement to pay fees using an electronic funds transfer system if exceptional circumstances apply.

However, it should be noted that these "exceptional circumstances" will be outlined in the Minister's Rules and these are not yet subject to public scrutiny. The Rules must be sufficiently broad in scope so as not exclude a range of circumstances whereby families are legitimately unable to pay gap fees via electronic funds transfer.

Additionally, we must express some concern relating to the scheduled timeframe for implementation of Part 2 of Schedule 4, that being 1 July 2023, as this short timeframe will be potentially challenging for some providers to implement the requisite measures and systems to meet the requirement, particularly for smaller services, those in regional or remote areas and those in areas of high socio-economic disadvantage. As such, the Department of Education must invest in promptly delivered, appropriate education and support measures to assist services to transition.

Please don't hesitate to contact me on for more information relating to the matters outlined herein and those outlined in FDCA's addendum submission relating to the CCS hourly rate cap for family day care.

Yours faithfully

Andrew Paterson
Chief Executive Officer
Family Day Care Australia

APPENDIX A

About the family day care sector

As acknowledged in the Alice Springs (Mparntwe) Education Declaration, a world class education system for young Australians "begins with making sure that every young child has the opportunity to benefit from structured play-based learning before they start school, because this helps build the social, emotional and cognitive skills they need to succeed in the years to come."¹

The family day care sector is an essential part of the ECEC sector, providing flexible, affordable and accessible education and care for more than 40 years. Regulated under the *Education and Care Services National Law Act 2010* and the *Education and Care Services National Regulations*, it plays a vital role in meeting the diverse and changing child care needs of a significant proportion of Australian families, while at the same time responding to parents' desire for a 'home-based' and 'family-like' environment for their children.²

According to the September 2021 version of the *Child Care in Australia* quarterly report published by the Commonwealth Department of Education, of the 1,344,520 children who attended approved ECEC services, 6.7% (90,450) attend family day care. The family day care sector supports more than 64,390 families across Australia.

While educators are registered with approved services, they effectively run their own small business, working from their own homes with small groups of no more than four children under school age, with the option to care for an additional three school aged children outside of school hours. This provides educators with a unique opportunity to personalise learning programs and to develop strong connections with children and families.

Importantly, the family day care sector offers significantly higher levels of flexible sessions than centre-based day care. For example:

- 84.7% of family day care services offer shorter sessions (up to 6 hours) compared to only 17.2% of long day care services.³
- 94% of family day care services also offer longer sessions (7-12 hours)
- 65.3 % allow for the swapping of days/sessions or sessions to be added or changed at short notice, compared to 51% and 50.2% of long day care services respectively.⁴

This flexibility is critical to catering for the current and future needs of Australian families, especially in the face of changing work patterns, where casual, contract and part-time work is common, and women form 68.1% of the part-time workforce.⁵

Family day care also offers considerably higher levels of non-standard hours care, compared to the long day care sector:

- 88.2% of family day care services offer sessions of care on weekdays before 7am or after 6pm, compared with 45.7% of long day care services.
- 85.5% of family day care services offer care on weekends, compared with a mere 0.5% of long day care services.

¹ Alice Springs (Mparntwe) Education Declaration, December 2019

² Pascoe, S. Brennan, D. (2017) *Report of the Review to Achieve Educational Excellence in Australian Schools through Early Childhood Interventions*

³ 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.

⁴ *bid.*

⁵ www.wgea.gov.au/data/fact-sheets/gender-workplace-statistics-at-a-glance.

- 47.5% of family day care services offer overnight care, as compared with 0% of long day care services.⁶

Availability of responsive ECEC services during non-standard hours is absolutely key to supporting a range of employees and contractors who work casual and on-call shift work, split shifts and irregular hours in a range of occupations including nurses, paramedics, police officers, FIFO workers, cleaning contractors, factory workers and those that work in the hospitality industry.

Finally, the family day care sector provides much needed ECEC for Australian families in areas of high disadvantage, with 24% of educators providing family day care in areas that are ranked in the two highest deciles on the SEIFA index and over half of educators (54%) being located in areas ranked in the first five deciles of the SEIFA index.⁷ Furthermore, 24% of family day educators operate in regional and remote areas of Australia.⁸ In some of these areas, family day care is the only option available for child care.

⁶ 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.

⁷ FDCA Family Day Care Sector Profile, June 2022

⁸ *ibid.*