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# Family day care at the crossroads

## Quality and sustainability in uncertain times



REPORT 24/2014



# CONTENTS

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iii

## LIST OF FIGURES

Figure 1	A model of organizational performance	22
Figure 2	A model of scale and business efficiency	23
Figure 3	A model of shared administration	27
Figure 4	An entrepreneurial model	30
Figure 5	An amalgamated model	32

## ABBREVIATIONS

ANAO	Australian National Audit Office
ARIA	Accessible Remote Index of Australia
CALD	Cultural and Linguistic Diversity
CCB	Child Care Benefit
CCR	Child Care Rebate
CSP	Community Support Programme

## ACKNOWLEDGEMENTS

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# 1 EXECUTIVE SUMMARY

Famil Da Care i re ula etd, formal childcare, deli ered htou h ne tork of educa ot ho pro ide fle ible, mall roup educa idn and care in heir o n home . Co-ordina idn uni d hich can be opera ed b communi tba ed, o ernmen dr pri a etor ani a idn , are an impor atn par df Au ralia' famil da care model. The perform le al, re ula ot and admini ra i te re pon ibili id and pro ide face- offace uppor t educa ot , ot enhance heir focu on children' learnin and de elopmen . Co-ordina idn uni ten ure compliance i ht famil a i atice la , and uppor famil da care ot mee rquiremen t under he Na idnal Quali tFrame ork (NQF).

This repor d plore model of fundin and opera itl famil da care co-ordina idn ac i ti id , in he con et df he ran i idn otne Common eal ht fundin arran emen tbein in rduced in Jul 2015. The re earch a in ended otiden ift model of fundin and opera itl co-ordina idn ac i ti id , elemen tof prac ide hich ere ucce ful, and po ible ra et ie otre pond ot he i hdra al of opera idnal fundin af et Jul 2015. The projec ta commi ioned b he NSW Famil Da Care A ocia idn (NSWFDCA) and he Famil Da Care A ocia idn of Queen land (FDCAQ), a par df he Famil Da Care Ser ice Educa idn and Suppor Rrojec , funded b he Au ralian Go ernmen . t

The findin are ba ed on in et ie i ht18 ke informan tfrom Au ralia' famil da care ec ot, alon i htanal i of back round ma etial rela itl ot he opera idn and re ourcin of famil da care co-ordina idn, and he upcomin chan e ot opera idnal ub idie pro ided under he Communi tSuppor Rro ramme (CSP).

In et ie ee e plained he impor atn rble co-ordina idn uni tpla in moni otin and re ula itl er ice deli er , and in uppor itl educa ot and heir bu ine e , and en urin he afe tand ellbein of8( )-8(ed)-8(,)-1.1( 3d020r)-6.4(oj)3.1(ec)-12.2(.5 )TJT0.1(or)-8( )-12.2( )-1r ba ed5(

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ma imi ed er ice efficiencie in recen tear , hil impro in quali tand fulfillin he demand of he NQF. The fel here a li la cope otincrea e heir efficienc and reduce co d i hbu dompromi in quali dIn ome area , er ice ere re pondin othi h le el of compe idn, hich made i difficul btcome ot e her i hto her er ice ot inno a etand hare prac ide, and collec i tel pur ue he in ete tof he ec ot. One er ice de cribed, for e ample, ha famil da care a a cu htoa bu ine .

Mo pro ider belie e ha it lill be difficul btmain atn er ice quali tunder he ne arran emen dSome er ice are e plorin ho ot



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*Example*

Obtain support from a sponsor or x Sponsor or organization provide on-going funding of maintenance  
or organization  
(see section 7.1) x

## 2 ABOUT

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locail i hto her er ice , or harin admini ra i te co t i hto her er ice .

Sec idn 7.3

## 3 FAMILY DAY CARE COORDINATION UNITS

### 3.1 FAMILY DAY CARE IN AUSTRALIA

Family Day Care

of education who are supported, resourced and monitored by co-ordination units. The co-ordination units have functions discussed in more detail in Section 3.2, and education outcomes the National Quality Framework (NQF) and other requirements. The allocation of professional advice and information to families concerning enrolment, and education in bookkeeping.

Familial care is covered by the National Quality Framework. Education must work in line with the Early Years Learning Framework and the School Age Care Framework and must comply with the National Regulations which stipulate the qualification of education and co-ordination and the number of children who can be cared for (no more than 7 children and no more than four under school age). In effect, the central role played by co-ordination units in the National Regulations do not prescribe how many co-ordination or co-ordination hours are required to monitor and support their education, and as a result, there is much variation across the sector.

New qualification requirements for familial care came into effect on 1 January 2014. Familial care education must have a relevant working standard level Certificate III level education and care qualification. For co-ordination, qualification requirements are higher. Co-ordination must have an approved diploma level qualification in education and care. Familial care is subject to the same assessment and rating process as long day care. As of March 2014, over half of the familial care services which had been assessed had been rated as either a 'Meeting' or 'Exceeding' the required standard.

## 3.2 COORDINATION UNITS

Operation of approved familial care services ('service providers' or 'services') are responsible for managing all aspects of their operation, and have of education the employment contracts to provide education and care to children (Department of Education, 2013a). Approved providers have a range of responsibilities under relevant legislation and regulations, including fulfilling requirements under Family Assistance Law (otenable families receive the Australian Government subsidy, Child Care Benefit or Child Care Rebate); ensuring familial care is delivered by suitable personnel in a safe care environment; and ensuring provision meets the National Quality Standard (Department of Education, 2013a). A key element of the familial care model is the co-ordination unit to ensure regulatory compliance and quality improvement, and have education, children and families are well supported. In particular, co-ordination units perform the regulatory and administrative responsibilities and provide face-to-face support to education, otenable them to focus on children's learning and development outcomes. Under the Education and Care Services National Law, services approved for familial care are ran on

famil da care otcompl i htre ula ot requiremen tand impro e profe ional andard , oten ure famil da care offer familie quali tal etna i te otcen re-ba ed care. A mo educa ot are elf-emplo ed, co-ordina idn al o uppor tand help ot u atn a ec ot of mall, female-domina ed, home-ba ed mall bu ine e .

Accordin ot hē Produc i ſi ſCommi ion, in June 2014, hēre ere 736 famil da care co-ordina idn uni ſin Au ralia (Produc i ſi ſCommi ion 2014, p85-86). Co-ordina idn uni tare enerall i uā ed in local re ion , enablin co-ordina ot otpro ide re ular i i ſot educa ot , al hōu h educa ot in re ional and remo etarea ma be er iced b uni ſt loca ed lar e di atnce a a . While model ar , hēir da ot da func idn for familie enerall include pro idin ad ice abou famil da care and local er ice , referrin familie otappropria eteduca ot i hſ acancie , and enrollin familie . Impor at ſ ſ hē al o admini et o ernmen ſub idie ot familie , uch a Child Care Benefi (CCB) and Child Care Reba et(CCR).

In addi idn, co-ordina idn uni ſrecrui educa ot ho are ei hēr direc ſtemplo ed, or more commonl , independen ſon rac ot or mall bu ine e . Ser ice a i educa ot ot e abli h and opera et hēir bu ine e . The of etn proce ſinte hee tand pa . The a e educa ot ' home and en ure hē are ui able, help educa ot ' familie under atid hē na ute of hē ork, and en ure hē ha e acce otprofe ional de elopmen , t

## 4 THE COMMUNITY SUPPORT PROGRAMME

### 4.1 BACKGROUND TO THE COMMUNITY

of care. As a result, programmes overall had increased significantly the extent of  
provision. Indeed, inconsistent eligibility requirements and payment arrangements for  
different forms of care meant that 71% of CSP funding was directed to family day care,  
although the service accounted for only 10% of children in formal care (ANAO, 2012).

The rapid growth of family day care, and the wide availability of Community  
Support Programme funding had the effect of increasing Federal expenditure overall.  
Spending growth was considered to be poor at best. According to the Productivity  
Commission, in 2012-13 the CSP provided almost \$130 million to 2122 providers (including  
Long Day Care and Out of School Hour Care) (Productivity Commission, 2014: 137). In  
Family Day Care, 429 providers received operational support, the main upn 2.2(l)3.1(H)-2.9(o)-12.3(ur)-6.3( )-2( )-8



1. **Demonstrated need for ECEC**- all services must show, at the satisfaction of the Department of Education, that there is a need for ECEC services in the area/ in which the operator

and

2. **Location criteria:** The evidence on a number of geographic divisions (GISCA, 2014).
  - a. **Outside major cities** - If 51% or more of a service's education are outside a major city<sup>3</sup> (inner or outer regional, rural or remote), then it must be the only service operating in the local area (SA2<sup>4</sup>) in which it is located.
  - b. **Major cities** - If 51% or more of a service's education are inside a major city<sup>5</sup>, then:
    - i. It must be the only service operating in the local area (SA3<sup>6</sup>) in which it is located, and
    - ii. The location must be designated as such, considering all the SA2s within the SA3, at least 50% of the SA2s must be in the lowest SEIFA decile.<sup>7</sup>

From 1 July 2015, the eligibility criteria will apply to all services, not only new services. Only those services that meet the new criteria will be eligible for operational funding. In addition, under the new rule, there will be an upper limit on funding of \$250,000 per annum for each eligible service.

The evidence to operational support are being accompanied by change to the Support A Initiative and Regional Travel A Initiative Grant. The evidence that has been provided to help co-ordination units in the context of rolling out provide support to education in regional, rural and remote areas. Services that are eligible for Operational Support must fulfil additional criteria to be eligible for the Support A Initiative and Regional Travel A Initiative Grant (Department of Education, 2014b). It is not a clear that the additional

Committee described the challenge as an 'ill-conceived budgetary measure' designed to  
maintain the 'high quality' of family care services (p17).

## 5 METHODOLOGY

Research findings are based primarily on in-depth interviews conducted with key informants from the family care sector. We interviewed 54 people (participated in telephone interviews), which were conducted over a two-week period in August and September 2014. Those interviewed were leaders in the family care service sector, and held senior positions in service providers, unions and peak bodies, and represented a mix of large and small organizations; rural/regional and city-based services; and community-based, private and

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## 5.2 CURRENT MODELS OF FUNDING AND OPERATING COORDINATION UNIT ACTIVITIES

In the literature explained how, at a minimum, co-ordination unit processed Child Care Benefit and Child Care Rebate and maintained safe and quality ECEC through a mix of education 'home'. Most recruited education, and could support them through face-to-face contact ranging from several times a month to once a week. In many cases, the frequency of contact depended on the need of education. For example, new education, or education for children with particular need, could require more intensive support. It is common for services to provide education 2 or 3 weeks, or once a month. While it is not possible for the research to capture detailed information about the nature of individual education, it appears there is much variation in the range of services and support offered. Some described individual home visits in order to monitor safety, hygiene, and compliance with the NQF and EYF, as well as the participation of children, and role modelling of education. Some organisations provided additional services

child, including a third party

## 6 EXPECTED IMPACTS OR CHANGES

### 6.1 ELIGIBILITY FOR CSP

Research participants were anxious about the impact of the change, and recognised that their service must make decisions soon. Some commented that the funding guideline for the Community Support Programme, and information about the change, had been difficult to understand. The comments that they found the eligibility criteria rigid, complicated, and poorly linked to the CSP's objectives. Many predicted shock, confusion and disappointment about the change. One interviewee explained how the change had been communicated, and how the felt quality in the family care model had been undermined:

It was convoluted, there was very little explanation. When I first read it I thought we are going to lose some funding because it said there would be a maximum of 250 (thousand dollars). But I thought surely with the requirements for quality that everyone has worked together with the government to support, they're not going to remove the funding. How does that equate? To me it says we don't really care about quality.  
(regional service, NSW)

There was some confusion about whether the location of their service would be determined by the location of their co-ordinating unit or their education. Some interviewees felt their service may be disadvantaged by apparent anomalies in the funding guideline. For example, it has been a problem that the location of the service is defined according to the address of its co-ordinating unit, in cases where there are less than 51% of education in a particular area.<sup>8</sup> Moreover, respondents who were, under and had their service



## 6.2 SECTORWIDE IMPACT

Over the month, respondents were concerned that the withdrawal of CSP funding would have a negative effect on the family day care sector as a whole, including its capacity to provide a high quality and affordable alternative for families, and to provide a source of home-based employment for education. Some were grateful that their own children are linked to peak bodies that have a role in the sector, but none felt that the chance of CSP pre-emptive action points for family day care which reinforced the time and the 'poor quality' of long day care. One explained, for example:

**I'm mindful that we're not going to realise what we've got until it's gone  
(metropolitan service, ACT)**

Respondents talked about the loss of operational support would inevitably lead to an increase in the number of families and education, and loss of staff numbers or hours. Many interviewees from community-based services were concerned that their focus would be directed to their bottom line, and away from children and families:

**We are very nervous as service providers and we have had many sleepless nights. This is people's livelihoods and it will impact on my organisation and families. (metropolitan service, VIC)**

Some were also concerned that increased costs and reduced quality may cause parents to pull children out of family day care, especially in disadvantaged areas, where parents are less able to contribute to increased costs. Many also felt that rather than family day care services would be out of business, or at least that the chance would be taken to run it. However, there were exceptions to this. A few interviewees commented that the funding rules were a necessary response to the rapid reduction in the number of services which had occurred in recent years. A couple felt that their co-ordination unit was efficient and could be able to manage the CSP if the employed more staff in practice.

## 6.3 IMPACT ON EDUCATORS

Almost all respondents predicted the loss of operational funding would have a negative effect 2.2(op)--8(p)- -8(i)3.5(i)3.d-8(i)3

and ated opera irt a ole rader , bu tē relied on hēir co-ordina idn uni fōr cri idal  
uppor it rāinīn and in e abli hin hēir bu ine e . Thi re ponden fēl hā hē e  
educa ot ould cea e otopera etand need otrel a ain on Cen rēlink income uppor . t

The educators are very proud to contribute to development of their new  
country. Now this is another barrier...Does the Government want people  
to stay on Centrelink?...People will go back to Centrelink, they'll not be  
working, feel that they have no future, maybe some family issues, more  
divorce. (metropolitan service, SA)

Thi re ponden tā concerned hā hē po i i tē con ribū idn ot hē communi thā hē  
er ice had made b pro idin educa ot i htemplo men ould be undone.

## 6.4 IMPACT ON SERVICE QUALITY

O er helmin l ,re ponden t ere concerned abou hē pro pec df lo er er ice quali d  
and ere rūt lin otde etmine ho otmain atn and increa e quali tā financial  
u atnabili tā becomin hē priori ti ue. One par idipan ap l tde cribed co-  
ordina idn a hē 'l nchpin' in hē famil da care model, enablin er ice otmee ā quali t  
ba eline:

Co-ordination utandarn8W(n)]TJ 20-6397.44.1( )-12. wnat t (h)-12.3(vs)-8(ea( s)-8(er)-6.3(v)-8.1(i)3.2(h)-12



business hours, but must be whenever educator is working. (regional service, TAS)

I'm worried about quality; we have to find a balance. There are suggestions that family day care shouldn't be in the NQF – no way. They need it more than anything because they are sole practitioners. Quality needs to be maintained. (metropolitan service, VIC)

Respondents predicted commitment to training and improvement in quality standards, and made a case for a subsidy of support co-ordination activities, based on crucial features of family day care, and the need for eternal support for education to ensure quality.

We've always achieved the highest level across the seven quality areas and we're very proud of that. It takes resources to do that. It means constant support and monitoring of services, not just visiting once or twice a year. (regional service, NSW)

## 7 MODELS FOR SUSTAINABILITY

Gi en hē di er i tof circum atice in hich famil da care er ice opera et hēre i no  
in le or

**Table 1: Models for sustainability**

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	<i>Example</i>
Obtain support from a sponsor or organization (see section 7.1)	Organization provides own funding to maintain service



However, some services have been informed that an temporary deficit may not be an option. Many participants complained that both council and community services are under budgetary pressure. Many family care schemes are required to break even and be sustainable in their own right, even when they are sponsored. In more than one case, family care schemes are charged administratively to the council, for example for HR and other support. Some respondents were advised that instead of direct provision family care, council is highlighting family care capacity approach community based services to deliver services.

## 7.2 CONTAIN COSTS AND EMPHASISE

B





## REDUCED ADMINISTRATIVE COSTS

Another cost reduction strategy used by respondents related to the administration of the coordination unit. Surveys participated in the study improved the efficiency of payment methods, for example by making use of electronic payment and reducing dependence on market, print, and maintenance fees. Some services were considered reduced cost by using Skype for communication, education, replacing some face







receiving universal funding as well as CSP, reflected on the socioeconomic status of families in her area, and observed her area:

**You can't just whack fees up to cover what's going to be lost (regional service, QLD)**

As a result, there were attempts to gradually phase in fee increases. However, this required a proportion of participation, such as a council or large community-based organization, to take over a small deficit for the initial period. One explained, for example, how the

In addition to that, some respondents are also in the income household 'middle' product for service. One service indicated that in addition to that are all business in the baby product such as nappies of the public and all education and families. This is detailed in Figure 4.

**Figure 4 An entrepreneurship model**

This primary service operates in a metropolitan area, and are 60-70 education. Around 80% of education are from minority background; they include many arrivals from African, Asian and Middle





## 7.6 CEASE PROVISION

Following the loss of CSP, some service providers have been unable to continue operations despite their best efforts to increase income and reduce costs. Research participants explained how some family day care services were just 'treading water' for the good of their community, and would be unable to continue. In particular, some local government subsidised family day care, but had been under financial pressure in recent years. A few research participants felt the loss of CSP funding could be a tipping point for local council provision, as many had indicated in the previous section.







peakin' background, may be unable to access the level of face-to-face support they require.

While the report has outlined several models of funding and provision which can be more ideal considered by families and care services

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