Allow Family Day Care to be Viable

The Australian Government's objectives for the Inquiry include enhancing opportunities for workforce participation and providing more flexible care to suit the needs of families. Family Day Care (FDC) is in a perfect position to meet these needs, since it provides childcare places near to home, and after school care near to school. It also provides parents more flexible care options than is the case with long day care centres or preschools. Unfortunately, FDC appears to be largely overlooked in this Inquiry, with a focus instead on other child care options. Despite being in a good position to meet needs, FDC educators are being forced to reduce care and increase childcare fees. This is especially acute in NSW, NT, TAS and WA due to the recent educator to child ratio changes from 1:5 to 1:4 for children preschool age or under. When CSP funding is also removed in mid-2015, coordination units will increase levies, and FDC educators will need to pass this on to parents – despite having just raised fees by 20% in January 2014 to meet the new ratio requirements. It is very easy to see how this reduces childcare places and makes childcare more unaffordable for parents at a time when we really want more childcare places and more affordable childcare. When you consider the below, we believe it makes a lot of sense to capitalise on the FDC labour already available, and to consider child to educator ratios carefully.

(1) There are long waiting lists for ECEC services in city areas;
(2) One in four parents working part time or not working reports being unable to work due to not finding childcare;
(3) Greater access to home-based care is desirable;
(4) Upwards of 60% of the total cost of care comes from labour-related costs.

We support the quality changes introduced in the National Quality Framework, but agree that some changes in implementation can be made without compromising quality. While maintaining the 1:7 ratio for FDC for children from birth to 13 years, we urge the Government to allow FDC a 1:5 ratio for children preschool age or under with a 1:4 ratio for children 24 months and under. The difference may sound small, but it would have a transformative effect on the ability of FDC educators to provide both more care and much more affordable care. These ratios are still more restrictive than the ratios afforded other centre-based services, which allow a much larger 1:11 ratio for children three years to preschool age. If more restriction is deemed necessary, there can be a simple rule made which says whether a service may have a 1:5 ratio, as opposed to a 1:4 ratio. For example, one of the below could be applied:

1) Educators with 2+ years experience;
2) Educators nominated by coordination units as deemed appropriate;
3) Educators with diploma or greater qualification (28% in 2013);
4) Services with a floor space set aside for children greater than XX m2 and an outdoor play area greater than XX m2.

This means that high quality FDC services or those which allocate children a suitably large space for care are not penalised. As the Inquiry notes, there is little reliable evidence on the relative contribution of staff-to-child ratios on quality outcomes. Current research "does not indicate or emphasise any linear connection between changes in ratios and changes in quality," but rather shows that quality is achieved through a combination of factors which might include such things as educational qualifications and the overall quality of interactions – things which are targeted in other parts of the NQF. It should be noted that in draft proposal 7.5, centre-based services are given additional leniency, with the proposal to allow services to temporarily operate with staffing levels below required ratios; so ratios is already an area where some flexibility is deemed desirable. The ACECQA explains that the lower ratio leads to better social and learning outcomes for children, and while we agree with this, in our experience children also grow in social intelligence and learn much more from each other when there are five children present, than when there are four. The children play with each other, and it is not a noticeable additional burden on the educator, which is often just as high for lower ratios. We think it is important to consider the social interaction between children, as well as the interaction between the educator and children. This is something that FDC can do better than a nanny, since unless a nanny cares for a large number of children or organises regular play dates or outings, children in care are likely to have less social contact. Furthermore, there is also no cost associated with this small change in ratio. In summary, it is a win-win situation for educators, who can meet overheads despite challenges with CSP support being removed; government, since budget-cutting measures such as the removal of CSP funding can be achieved without unduly damaging FDC; families, since there is more care available at less cost, and children, since they not only receive higher quality care through changes to NQF, but also gain increased social interaction with a larger group of other children. In city areas, particularly, where there are high rents, we believe the ratio changes are causing a problem similar to that experienced in the United Kingdom. In the UK in January 2013 the Department of Education announced plans to move to higher ratios, as low educator to child ratios were leading to higher costs for parents and lower pay for staff. It should also be noted that statutory quotas are not entirely necessary to promote quality, as some European countries such as Denmark, Germany and Sweden do not have statutory quotas and maintain quality through other mechanisms.

We are also concerned about the new way to calculate Child Care Rebate (CCR) subsidy and how it will affect our FDC. While we understand the need to divorce CCR rebates from ECEC fees, in the area we operate in central Sydney, $6.84 per hour does not reflect the reasonable cost of delivering a service, which would definitely need to be scaled up so as to not put a large stress on care providers and parents. As a guide, nearby long day care centres that are not providing a premium service are presently charging about $105 a day for care. We agree that deemed cost should take into account the types of ECEC services provided. We would be very grateful if things such as age of children, whether meals/nappies are provided, whether there are excursions organised regularly etc.. could be taken into account, since it compensates services for the additional costs of providing such higher quality care.

We believe that the Paid Parent Leave scheme is expensive, and it would be wise to redirect funding to FDC so that educators who have otherwise filled their quota of children aged 0-4 might have the opportunity to fill their remaining quota of seven children with after school care. At the moment this is an opportunity going begging. Educators, even if they have their own vehicles, are not able to wake up other children just to collect older children from school for after school care. Coordination units just need enough funding to obtain a vehicle and someone to drive it, so that they can transport the children from schools to after school care. This is another win-win situation, as parents would find after school care for their children, and FDC educators can earn a small amount of additional income. As noted in the Inquiry, FDC educators earn a median full-time income of only $730 per week (see Figure 11.4), and dissatisfaction with income is very close to the number one cause of ECEC staff stopping working. (See Figure 11.7). We also think funding could be redirected to other ECEC services to care for additional needs children, including culturally and linguistically diverse (CALD) children, whose families are often quite isolated. These families should continue to receive priority placement in child care.

Summary of recommendations

1) Allow Family Day Care a 1:5 ratio for children preschool age or under.

2) Add the below two provisions to Family Day Care ratios to make sure that quality of care is not impacted by the change in 1):
   (a) There will be a 1:4 educator to child ratio for children 24 months or under.
   (b) There will be an additional rule such as the one or more of the below to determine where a 1:5 ratio may exist:
      i. Educators with 2+ years experience;
      ii. Educators nominated by coordination units as deemed appropriate;
      iii. Educators with diploma or greater qualification (28% in 2013);
      iv. Services with a floor space set aside for children greater than XX m2 and an outdoor play area greater than XX m2.

3) Child Care Rebate for Family Day Care in dense urban areas where cost of living is much higher would be scaled from $6.84 per hour to something more like $10.50 per hour and take into account the types of services provided.

4) Some funding from the Paid Parent Leave scheme should be redirected to Family Day Care coordination units so that they might purchase vehicles and drivers to transport children from school to after school care with Family Day Care educators (who cannot otherwise fill their quota of seven children).

5) Continue to give priority child care placement to families with culturally and linguistically diverse (CALD) children.