

18 May 2020

Committee Chair
c/o Committee Secretary
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600



Dear Committee Chair

I write to you today as a follow up to Family Day Care Australia's (FDCA) previous submission to the Senate Select Committee on COVID-19 (dated 29 April 2020) to outline a significant concern with one component of the ECEC Relief Package, that being the Exceptional Circumstances Supplementary Payment program and how it applies to the family day care sector.

1. Purpose

Essentially, the supplementary payment program is failing the family day care sector as it is not adequately filling the gaps of the broader Early Childhood Education and Care Relief Package (ECEC Relief Package)"base relief payments", which is actually the fundamental purpose of the program.

Herein, I have outlined the key issues relating to this matter and request that the Committee consider obtaining answers from the Department of Education, Skills and Employment (DESE) to ensure that the program's administration is appropriate and transparent, and ultimately, that the program begins to fulfil its intended purpose, that is, to ensure that the providers and services remain viable throughout the COVID-19 pandemic"¹.

The rationale behind the questions is that preliminary evidence² indicates that there are significant issues associated with the supplementary payment program, that is, it is not fulfilling its intended purposes. We are also seeking adequate transparency from the Australian Government for the purposes of appropriate accountability for the funding program.

These issues include, but are not limited to:

- a significant and unreasonable lag in time between application and an outcome received;
- inadequate provision of feedback on unsuccessful applications; and/or
- an extremely low success rate, indicating issues with the application structure, the administration or the rationale/threshold applied to approval and/or rejection.

Given the above, it would be prudent to test that there is no systemic bias against a particular service type, in the interest of funding accountability and program transparency, examine whether the program is being administered appropriately and test the efficacy of the funding program more generally.

¹ Early Childhood Education and Care Relief Package - Exceptional Circumstance Supplementary Payment Guidelines, Version 3, 30.4.2020.

² Evidence was obtained through a survey of FDCA service members (conducted 1 - 4 May 2020), consultation with FDCA's COVID-19 Advisory Committee and input from the FDCA membership more broadly, including the provision of more than 20 examples of applications for supplementary payment and responses from DESE.

2. Background

The Exceptional Circumstance Supplementary Payment is supposed to be available for providers and services who need a 'top up' on the Early Childhood Education and Care Relief Package payment (base payment) the provider/service is already receiving through the ECEC Relief Package.

Since commencement of the ECEC Relief Package, the supplementary payment program has been presented as the solution to funding gaps for family day care. However, it appears that the system is failing the family day care sector, further compounding the financial strain and anxiety caused by the temporary ECEC Relief Package for family day care.

As outlined in FDCA's previous submission, there were specific and significant gaps in the ECEC Relief Package for family day care. While one of the issues presented by FDCA has been resolved "on paper", that is the guarantee of a JobKeeper equivalent payment through the supplementary payment program, we remain concerned as the solution is tied to a funding structure that has already proven to be flawed.

Family day care is a sector which continues to educate and care for a significant proportion of Australia's children throughout the COVID-19 pandemic and; yet, it is apparent that not being adequately recognised for this important and necessary work. The sector must be suitably supported to remain viable in the short term and to "scale up" operations as social distancing measures begin to ease and we transition through and out of the COVID-19 pandemic. As parents return to work and children return to school, family day care will continue to play a crucial role in the nation's social and economic recovery; yet, for this to occur, we must ensure that the fundamental viability of the sector is not eroded in the interim. There must be appropriate recognition of a sector that continues to care for Australia's children, and in many cases for significantly reduced income levels as a result of the ECEC Relief Package. The importance of the work undertaken by family day care services and educators cannot be understated.

3. Issue detail and questions

Issue: All available data indicates that family day care is providing considerably higher levels of actual care than centre-based services. And yet, preliminary evidence from FDCA's survey showed that as of 5 May, almost 4 weeks into the funding program, a mere 8.3% of respondents that had applied for supplementary had received a response and only 1.6% were successful i.e. of 60 respondents had applied for supplementary funding, only 5 had received a response at 4 May 2020, with 4 unsuccessful and one successful (\$1,000 only).

Questions:

By service type (i.e. FDC, CBC, OSHC, IHC):

- *What is the actual current average attendance figures against the reference fortnight³?*
- *How many total applications have been made for ECEC Relief Package supplementary payments?*
- *How many applications have been assessed and responded to?*
- *How many have been approved?*
- *What is the breakdown of reasons for application rejection (i.e. lack of evidence, incorrect administrative details, not showing an increase in attendance from the reference fortnight, not showing that the reference period is not reflective of usual levels of care prior to the reference fortnight etc.)*

³ "Reference fortnight" refers to the fortnight preceding 2 March 2020, which is utilised to calculate the allocation of ECEC Relief Package base relief payments to services.

Issue: The lag in responses as of 4 May 2020 was, on average, 19 days and counting. Service 3 in section 4 below applied on 9 April and has not yet received a response - a lag of 5.5 weeks. This unreasonable delay in responding to applications is not only failing services in terms of immediately covering costs where attendances are comparable or greater than the reference period, or the reference period is not adequately reflective of the average care levels provided by the service prior to the reference period, it is failing services that are currently looking at reapplication.

Questions:

- What is the current average timeframe that applications for supplementary payments are responded to, from application submission to final decision?
- Are provisions being made to improve timeframes for processing applications? If so, what specific measures

Issue: Of the survey respondents that received a response as of 4 May 2020, of the 4 who did not succeed, one was told it was due to insufficient evidence (with no detail provided), two reported they were not given a reason and one stated the response was generic and inaccurate.

The insufficient level of detail provided in response to rejected applications is vastly inadequate for a service to be afforded the opportunity to be requisitely informed enough to reconsider the application and to reapply.

Questions:

- Is an appropriate level of detail, specific to the individual application, provided to rejected applicants to allow for a service to be afforded the opportunity to be requisitely informed enough to reconsider the application and to reapply?
- *Will provision be made to improve the level of detail provided to unsuccessful applicants in order to allow them to be appropriately informed to reapply?*

Issue: Like many discretionary, application-based government grant programs, there is a potential to favour larger, well-resourced entities at the expense of smaller entities. Given the variability of service types and sizes across the ECEC sector, it would be prudent to test that the supplementary payment program is not biased against a particular cohort of services.

Question:

- *What is the success rate by provider size i.e. large, multiple-service providers against small providers?*

4. Case studies

Service 1

Service 1 is a not-for-profit charitable organisation, located in a major city (Sydney) with 88 educators (13 additional waiting to transfer post-ECEC Relief Package).

Service 1 applied for Exceptional Circumstances Supplementary payments for 27 educators, 24 of which were providing additional care hours above what they provided during the reference fortnight (17 February - 2 May 2020) and 3 of which that were ineligible for JobKeeper payments for various reasons.

The application was for well-considered and reasonable amounts (i.e. 50% of the CCS fee cap for family day care, that being \$5.55, for each additional hour of care provided) for individual educators that had increased provision in the number of hours of care provided since the reference fortnight in February 2020, and adhered strictly to the funding program's eligibility criteria. Clear evidence was provided through a summary from Harmony for the reference weeks against the comparative hours for 6 April to 19 April 2020. The application was for a total of an additional supplementary payment each week of \$6988.80.

The application was rejected and the response from "administration officer" was generic, provided no reason as to the rationale behind the rejection and cited a reference to eligibility for JobKeeper payments and "other government incentives" as being part of the assessment for eligibility. The response stated the following:

"The assessment included consideration of all the information and supporting evidence you have submitted, including the hours of care you are providing as well as your eligibility for JobKeeper and other government incentives. Based on the information you have provided you have been assessed as not being eligible for a supplementary payment at this time."

Further to the response being vastly inadequate in its detail, it is apparent the reference to JobKeeper payments is not only irrelevant to a service's eligibility for supplementary payments, but is an inappropriate consideration in the family day care context as it is not taking into account individual family day care educators' circumstances - a service's eligibility for JobKeeper has no relevance to an educators financial situation or their individual eligibility status as a sole trader.

The rejection email goes on to provide general advice for reapplication, such as going to the Department's website to view "tips" and viewing a webinar. It also reiterates a reference to JobKeeper states that any application should show "any increase in attendance at your service", which the application clearly did.

Service 2

Service 2 is a private family day care service located in a major city (Brisbane) with 94 registered educators.

Service 2 applied for Exceptional Circumstances Supplementary payments for 96 educators, many of which were providing additional care hours above what they provided during the reference fortnight. The application was submitted 19 April 2020 and a notice of rejection was issued 9 May 2020, a period of almost 3 weeks.

The service applied on the basis of three core premises that clearly adhere to the guidelines, those being, an increase in attendance, and increase in enrolments and ineligibility for JobKeeper.

Overall, the number of care hours provided significantly exceeds the reference fortnight. That is, for the reference fortnight the service provided 24,687 care hours and the care provided in the fortnight up until 5 April was 27,284 hours, an increase of 2,597 hours.

The number of children in care enrolled (average per fortnight) was 636 in the reference fortnight, as opposed to 646 in the last fortnight processed prior to application.

21 educators are not eligible for JobKeeper payments which leaves an additional shortfall from JobKeeper payments \$31,500 per fortnight across the service.

The application took 30 hours to compile and no specific information was provided in the response from DESE.

Service 3

Service 3 is a private service located in an inner regional area in Queensland.

Service 3 applied for funding for 11 of its registered educator that had seen an increase in attendance from the reference fortnight.

Service 3 applied on 9 April 2020 and has not yet received an outcome the DESE.

5. Program detail

The [ECEC Relief Package Exceptional Circumstances Supplementary Payment Guidelines](#) state that the intent of the funding program is to "ensure that the providers and services remain viable throughout the COVID-19 pandemic" and cites the following as the circumstances whereby the provision of supplementary payments may be approved:

"Providers can apply for an Exceptional Circumstance Supplementary Payment in limited circumstances based on the number of children in attendance. These include but are not limited to where:

- *services were not operating during the reference period*
- *the number of attendances during the reference period is significantly and demonstratively lower than the current number of attendances at the service from 6 April 2020 onwards*
- *a service experiences a significantly higher demand for child care for children of essential workers and/or vulnerable and disadvantaged children during the period 6 April 2020 to 28 June 2020 onwards.*

An application can be made for an Exceptional Circumstance Supplementary Payment in limited circumstances of an amount higher than the base payment. These include but are not limited to:

- providers that are not eligible for the JobKeeper Payment, including non-government schools, large charities/not for profit organisations, but excluding state and local government services
- Family Day Care and In Home Care Educators that were providing care in the reference period that are not eligible for JobKeeper, but who applied for an Australian Business Number by 1 June 2020...

...Providers/services will need to provide supporting reasons and evidence with their application. This means the provider/service will need to tell the department why they think they need a higher amount each week. This could be:

- the reference period did not accurately reflect your usual situation – for example, you did not provide care for some of the reference fortnight OR
- you need more support for the children currently in your care and/or you are caring for more children, more often or for a longer time."

6. About Family Day Care Australia

FDCA is the national peak body for family day care. Our role is to promote, support and advocate for family day care services and educators. 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. FDCA represents a national membership of around 13,156 educators and over 454 approved family day care services.

For more information, go to www.familydaycare.com.au

7. About family day care

The family day care sector is an essential part of the early childhood education and care (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](#) ("the National Law") and the [Education and Care Services National Regulations](#) ("the National Regulations"), the sector 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.⁴

According to the June 2019 version of the *Child Care in Australia* quarterly report published by the Commonwealth Department of Education, of the 1,292,420 children who attended approved child care services, 8.9% (115,190) attend family day care. The family day care sector supports more than 79,550 families across Australia.

Importantly, the family day care sector offers considerably 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.⁵
- 94% of family day care services also offer longer sessions (7-12 hours)⁶.

⁴ Pascoe, S. Brennan, D. (2017) *Report of the Review to Achieve Educational Excellence in Australian Schools through Early Childhood Interventions*

⁵ 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

⁶ bid.

- 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.⁷

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.⁸

Family day care also offers considerably higher levels of non-standard hours care as 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.⁹
- Significantly, 85.5% of family day care services offer care on weekends, compared with a mere 0.5% of long day care services.
- Additionally, 47.5% of family day care services offer overnight care, as compared with 0% of long day care services.¹⁰

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 men and women, FIFO workers, cleaning contractors and factory workers.

Finally, the family day care sector provides much needed ECEC for Australian families in areas of high disadvantage, with 22.6% 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 (51.4%) being located in areas ranked in the first five deciles of the SEIFA index.¹¹ Furthermore, 24.3% of family day educators operate in regional and remote areas of Australia.¹² In some of these areas, family day care is the only available child care option.

Thank you for consideration in these matters.

Yours sincerely

Andrew Paterson
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⁷ Ibid.

⁸ www.wgea.gov.au/data/fact-sheets/gender-workplace-statistics-at-a-glance

⁹ 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

¹⁰ Ibid.

¹¹ FDCA Family Day Care Sector Profile, September 2019

¹² Ibid.