



Australian Government  
Department of Education and Training

# Senate Select Committee on the effect of red tape on child care: Submission of the Department of Education and Training

April 2018





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## Acronyms/Abbreviations

<b>ACECQA</b>	Australian Children’s Education and Care Quality Authority
<b>BBF</b>	Budget Based Funded (Services)
<b>CCB</b>	Child Care Benefit
<b>CCCF</b>	Community Child Care Fund
<b>CCR</b>	Child Care Rebate
<b>CCSS</b>	Child Care Subsidy System
<b>CSP</b>	Community Support Programme
<b>Current Family Assistance Law</b>	<i>A New Tax System (Family Assistance) Act 1999 (Cth) and the A New Tax System (Family Assistance) (Administration) Act 1999 (Cth)</i>
<b>The department</b>	Department of Education and Training
<b>DHS</b>	Department of Human Services
<b>FDC</b>	Family Day Care
<b>GCCB</b>	Grandparent Child Care Benefit
<b>IHC</b>	In Home Care
<b>IPSP</b>	Inclusion and Professional Support Programme
<b>ISP</b>	Inclusion Support Programme
<b>JETCCFA</b>	Jobs, Education and Training Child Care Fee Assistance
<b>NQF</b>	National Quality Framework
<b>NQS</b>	National Quality Standard
<b>Productivity Commission Report</b>	<i>Productivity Commission Inquiry into Childcare and Early Childhood Learning (2014)</i>
<b>SCCB</b>	Special Child Care Benefit

# Senate Select Committee on the effect of red tape on child care: Submission of the Department of Education and Training

The Department of Education and Training (the department) welcomes the opportunity to make a submission to the Select Committee on Red Tape (the Committee) Inquiry into the effect of red tape on childcare.

In 2013, the Australian Government tasked the Productivity Commission to undertake an Inquiry into how Australia's child care system could be made more affordable, flexible and accessible. The new child care package, the principle elements of which commences on 2 July 2018, is the Government's response to the Productivity Commission's final report – the *Productivity Commission Inquiry into Childcare and Early Childhood Learning (2014)* (The Productivity Commission Report). The new package seeks to simplify current arrangements and reduce red tape and regulation.

## Child care in Australia

### Introduction

1. The child care sector has changed and grown significantly since the existing child care fee assistance system was introduced in 2000. There has been a strong appetite for successive governments to improve the affordability and accessibility of child care for families. The cost of child care (including increasing costs to the Government), availability of places, inflexibility of the system to meet family's needs and complexity are all significant concerns for most stakeholders, including families.
2. At the same time, it has become apparent in recent years that some child care subsidies and programs have been the target of sharp practice and fraud. Further, some programs were poorly targeted or ineffective, such that the high level of Government expenditure was not resulting in the best possible outcomes. Many of these issues are interrelated to such a degree that structural reform has been required to address them.

## **The imperative for reform**

3. The Productivity Commission Report confirmed the need for significant changes to the child care system to address systemic and specific failings. In particular, the Productivity Commission found that the current system is overly complex and difficult for families and providers to navigate, with some programs failing to address existing concerns. The Productivity Commission also found that despite the Government spending \$7.2 billion in 2014-15 on child care support, that the child care system was seen as unaffordable by families, inflexible and included disincentives to workforce participation. The Productivity Commission Report states:

‘There is a lot that is good about Australia’s current ECEC [early childhood education and care] system. Most children have some exposure to early learning opportunities prior to starting school and the vast majority of children transition well into school. But the current ECEC funding system was largely designed to meet the needs of a different era and the series of incremental additions and amendments mean there is much scope for improvement.’<sup>1</sup>

4. Many families and services find the existing child care fee assistance payments difficult to understand and challenging to access. Both the Productivity Commission and Australia’s Future Tax System Review (Henry Tax Review in 2009) found the existing arrangements are complex and costly to administer and difficult for parents and providers to navigate.
5. The current child care fee assistance arrangements include the means tested Child Care Benefit (CCB) and non-means tested Child Care Rebate (CCR).
6. Government consultations in 2015 indicated that some parents do not understand what Government assistance they might be entitled to, and this can create workforce participation barriers. Parents also report the process for claiming the CCB and CCR is complicated, time consuming and bureaucratic in terms of lengthy forms and repetitive questions.
7. The Productivity Commission noted that compared to an arrangement where assistance is provided through a single subsidy, current child care fee assistance arrangements are expensive to administer. This is the case for service providers, who provide advice to families and usually represent the interface through which families claim their subsidies, and Government, whose role it is to assess and pay entitlements to families and to reconcile the amount families actually receive against the amount to which they are entitled once their realised income is known.

## **Part 1: Reducing complexity and red tape**

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<sup>1</sup> Productivity Commission 2014, Childcare and Early Childhood Learning, Inquiry Report No.73, Canberra, Volume 1, p.6.

## **New child care package**

8. As estimated at the 2017-18 Budget, the Government is investing an additional \$2.5 billion over four years to support the 1.2 million families who will be using approved child care in 2018-19. The Package provides parents with more choice about their child care arrangements and therefore greater opportunity to work, and more children with the opportunity to benefit from high quality early education and child care. The new child care package, which commences on 2 July 2018, will benefit the majority of Australian families balancing work and parenting responsibilities.
9. The new child care package addresses the following priorities:
  - simplifying and streamlining a complex system that is difficult to understand
  - improving affordability for parents, including taking steps to constrain fee growth
  - improving accessibility and flexibility
  - better targeting assistance for vulnerable children and communities
  - reducing regulatory burden through improved data/information sharing and IT systems.
10. The overarching goal of the reform is to create a more sustainable system that encourages greater workforce participation and productivity, and better meets families' needs while addressing children's learning and development needs, particularly those who are vulnerable or at risk of poor long-term development outcomes.
11. As part of simplifying the child care package and ensuring services can operate in a manner that best suits the families who use them, the Government will reduce regulatory requirements currently applying to child care services, including specifying the hours per day and days per week a service must open. This means that a separate service type catering to occasional care is no longer required as the new arrangements provide the flexibility to support families who need care for children for short periods of time, either regularly on a sessional basis, or irregularly.
12. With the introduction of the new child care package on 2 July 2018, occasional care places will be uncapped for the first time, allowing existing services to expand and opening up the system to new entrants. The Productivity Commission Report recommended that the cap on occasional care places should be removed to better meet the needs and budgets of families. Any centre based care provider will be able to provide occasional care through shorter, more flexible sessions.
13. Across the board, child care services will only be required to operate for a minimum of 48 weeks per year, or seven weeks per year if the service only provides outside school hours care, with the number of hours of care provided per day a matter for the child care provider to determine. Services and providers will be able to consider flexible options that better suit their children and families, as well as their business. As highlighted in stakeholder feedback, changes to operating requirements will provide more choice for families and have a positive impact on workforce participation.

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14. While the new legislation will not require services to change their charging practices, the Government is strongly encouraging services to consider, in particular, how they can maximise the delivery of flexible and cost effective child care and early learning services. Some services already offer shorter sessions or casual places where there is demand from families. Regulatory changes will make these practices easier for services to offer. Offering more flexible options are likely to benefit children and families who are primarily accessing services for early learning outcomes.

***Child Care Subsidy***

15. The centrepiece of the new child care package is the new Child Care Subsidy. The Child Care Subsidy will replace the CCB and CCR with one streamlined, income-tested payment that will be paid directly to service providers to pass on to families as a fee reduction. The Productivity Commission Inquiry found strong support for subsidies being paid directly to the provider of the family’s choice to assist providers in recovering debts and managing families’ entitlement.

16. The Productivity Commission also found paying the subsidy directly to providers would reduce the difficulties parents faced in navigating the child care fee assistance system and the need for providers to assist parents in understanding this system, as parents should only need to pay a gap fee to providers.

17. The Child Care Subsidy will improve child care affordability by providing more targeted support to lower and middle income families, while also placing downward pressure on child care fee growth. The new arrangements are designed to support working families and those depending on child care to train, study or participate in other recognised activities. It also provides a generous safety net to protect those most vulnerable in our community, and ongoing support for high quality early learning.

18. The new Child Care Subsidy activity test aims to help parents stay in work and support parents’ gradual return to work. Currently, families need not demonstrate any activity in order to receive 24 hours per week of Child Care Benefit. In the new system, the number of hours of subsidised care a family will be entitled to will be determined by a three-step activity test that provides parents with more hours of subsidised care each fortnight than actual hours of activity undertaken as detailed below:

<b>Step</b>	<b>Hours of activity (per fortnight)</b>	<b>Maximum hours of subsidy (per fortnight)</b>
<b>1</b>	8 to 16 hours	36 hours
<b>2</b>	More than 16 to 48 hours	72 hours
<b>3</b>	More than 48 hours	100 hours

19. A broad range of activities will meet the activity test requirements, including paid work, volunteering, studying, being self-employed, doing unpaid work in a family business and looking for work. There will be exemptions for families who genuinely cannot meet the activity requirements.



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20. The range of recognised activities under the activity test will have a clear focus on workforce participation, and have been expanded to include unpaid work experience and a broader definition of voluntary work than for the CCB activity test. This will provide families with greater flexibility in the way they can meet the Child Care Subsidy activity test.
21. To minimise unnecessary regulatory burden, families will self-declare the number of hours they participate in recognised activities and their estimated annual income (parents currently self-declare for both CCB and the CCR) to determine the amount and rate of subsidised care they are entitled to. Parents will only be required to update their details when their work arrangements or other circumstances change which would affect their eligibility or entitlement, for example, an increase in activity that would entitle the individual to more subsidised child care.
22. To ensure the integrity of the new system without imposing unnecessary regulatory burden on all families, some families will be asked to provide evidence of the activity they have declared through random spot checks. It is estimated spot checks will take families around 15 minutes to complete, and will involve providing evidence such as documentation from their employer/organisation or doctor. Families will be provided with guidance on the evidentiary requirements.
23. To reduce unnecessary reporting burden for parents with casual or irregular work hours, there is a generous provision in the *Child Care Minister's Rules 2017* that allows these parents to estimate the highest number of hours they expect to work in any one fortnight over a three-month period, which is used to work out a consistent fortnightly activity test result.
24. This will support these families to secure a regular child care place, and ensure they have access to enough hours of subsidised child care to support them to work as much as they would like to, including having the flexibility to accept additional shifts at short notice (where they can also secure a child care place). These parents will only need to update their activity details if their circumstances change such that their 'highest fortnight' estimate is no longer accurate (e.g. if a casual worker moved into to permanent full-time work, or stopped working altogether).

***Additional Child Care Subsidy***

25. The Government recognises that children from disadvantaged backgrounds benefit most from quality early childhood education and care. Therefore, the new child care package also includes additional support for families in particular circumstances. The Additional Child Care Subsidy commences on 2 July 2018 and will supplement the CCS. The Additional Child Care Subsidy has been designed to reduce the regulatory burden for families and child care providers and will provide greater support than that proposed by the Productivity Commission Report
26. The Additional Child Care Subsidy is a top up payment to the Child Care Subsidy which will provide additional fee assistance to families and children facing barriers in accessing affordable child care. Generally, Additional Child Care Subsidy payments will be managed through the CCSS which has been designed to ensure that families and child care providers only need to provide

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information once. Pre-populated fields (from Child Care Subsidy applications) will be used for Additional Child Care Subsidy applications to simplify the online application process for families.

27. Additional Child Care Subsidy (transition to work), unlike the JETCCFA program it is replacing, is a legislated payment that includes a prescribed list of eligible income support payments and time limits for specific activities. This allows individuals to apply directly to DHS based on a clear legislative entitlement which will facilitate more efficient and simpler approval processes for DHS. The activity test for both the Child Care Subsidy and Additional Child Care Subsidy (transition to work) will be the same.

***Establishing the new Community Child Care Fund (CCCF)***

28. As part of the new child care package, the Government has made significant changes to its child care grant programs to reduce their complexity and ensure funding is appropriately targeted and effective in meeting the intended outcomes. The Government has also ensured these principles are applied when establishing new programs.
29. The CCCF, which also commences on 2 July 2018, will provide grants to child care services to reduce barriers to accessing child care, particularly in disadvantaged, regional and remote communities. The Fund replaces a number of existing grant programs which were poorly targeted or where, over the years, funds had flowed to services and families outside of Government's intended purpose.
30. There are two main grant opportunities under the CCCF: an open competitive grant opportunity available to eligible approved child care services, and a restricted non-competitive grant opportunity, primarily for current budget based funded services, to ensure their viability under the new child care arrangements. This funding is in addition to the Child Care Subsidy and the Additional Child Care Subsidy.

***Moving from the Inclusion and Professional Support Programme (IPSP) to the Inclusion Support Programme (ISP)***

31. An example of a new grant program which has already commenced, based on the principles of greater simplicity, and better targeting, is the Inclusion Support Program.
32. An evaluation by PricewaterhouseCoopers of the former IPSP in 2014 concluded that:
- there was potential to reduce the administrative burden on IPSP providers and child care services involved with applying for funding support under the IPSP
  - effectiveness and efficiency gains could potentially be realised by having a reduced number of (larger) providers providing support services to child care services across the country (under IPSP, 29 Inclusion Support Agencies provided services supporting child care services in 67 identified regions across Australia).

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33. Additionally, the Productivity Commission Report found that the Inclusion Support Portal (which supported the application, approval and claiming process for the Inclusion Support Subsidy) was administratively burdensome for IPSP providers and services.
34. The ISP, which commenced on 1 July 2016 and replaces the former IPSP, features a number of changes aimed at significantly reducing complexity and administrative burden for both providers and child care services, as well as improving consistency and equity in program administration:
- a new Inclusion Support Portal was developed to provide a user-friendly, simplified web-based application to facilitate child care services' interaction with the ISP, including applying for funding and submitting claims against funding approvals
  - less paperwork is now required of parents compared to IPSP – particularly relating to documentary evidence of disability for National Disability Insurance Scheme participants or for children moving between child care services
  - a state and territory based service delivery model was introduced, delivering substantial administrative efficiencies, meaning that a higher proportion of program funding could be directed to service delivery (provider administration costs under the ISP represent around 15 per cent of total funding, compared to up to 25 per cent of allocated funding under the IPSP). This model also supports improved consistency and equity in program administration (under the ISP, seven Inclusion Agencies provide support to child care services, one in each state and territory, with the exception that one Inclusion Agency services both NSW and the ACT).

***Changes to In Home Care***

35. Subsidised care in the family home provides families with access to flexible child care where other subsidised child care options are not available and/or appropriate for a child or family due to their circumstances. These circumstances could include working non-standard hours, living in rural or remote areas with no other child care options, and challenging and complex needs that make it difficult to access mainstream child care.
36. Currently, this care type is provided through the In Home Care (IHC) program and the Nanny Pilot Programme. There are 59 IHC providers and eight Nanny Pilot Programme service providers administering care to around 2,800 families on behalf of the Government.
37. The Productivity Commission Report highlighted the high cost of and limited eligibility for IHC, and recommended the cessation of IHC in its current form.
38. A recent review has found that around 40 per cent of IHC families access Special Child Care Benefit (SCCB), which provides a 100 per cent taxpayer subsidy, regardless of the fees charged by the service. SCCB may be available when a child is at risk of serious abuse or neglect or a family is in temporary financial hardship, which has substantially reduced their capacity to pay child care fees.

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39. On average, fees range from \$15 an hour to \$108 an hour, and some IHC providers use the SCCB provision to charge as much as \$135 an hour.
40. The revised IHC program takes into account the finding of recent reviews, to ensure the new system is sustainable for families who need it most. The new IHC program will commence on 2 July 2018 as part of the new child care package, and operate within the same framework as the Child Care Subsidy.
41. Applying the best practice from ISP, one IHC Support agency in each State and Territory will help match families to appropriate in home child care services. Families will be referred to other support services as needed to complement their child care needs. The IHC Support Agencies are not a replacement for existing services.
42. Eligible families using IHC will have access to the new Child Care Subsidy, with a \$25 family hourly rate cap. In line with the principles applied to the broader child care package, parental co-contribution towards fees will place downward pressure on fees and further improve transparency.

**The new Child Care Subsidy System (CCSS) is the new IT system that will benefit families and providers**

43. As part of the child care package the Government is developing a new information technology system, the CCSS, which will provide a simple and easy user interface for families, and significant time saving benefits for families when applying for fee assistance and reporting change in circumstances.
44. Through the new CCSS, families will have more timely access to transparent, accurate and relevant information, including detailed fortnightly (rather than the current quarterly) reporting of entitlements, subsidy information, fees, hours charged and times attended, as well as other critical information such as absence days used, fees and discounts, and the remaining 'co-contribution' after subsidies have been calculated for sessions of care. This will make it easier for families to access and understand their entitlements and therefore make informed decisions regarding workforce participation.
45. This increase in frequency of reporting is unlikely to be onerous as many providers already provide more frequent statements of entitlement to families than is required by legislation, and these can be provided electronically.
46. In the CCSS families will also be able to confirm their enrolment details provided by their child care providers. The parent confirmation process provides an assurance of parent eligibility, as well as assurance that the parent and provider agree on the basic facts about a child's enrolment, as the basis for the parent's entitlement being paid direct to the provider. This is another mechanism to increase transparency and accountability under the new child care package through enhanced IT functionality.

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47. In terms of accessing the CCSS, families will be able to use myGov as a secure way to access government services online with one login and one password to report change in circumstances online. Families will also be able to access most of their Centrelink services online using the Express Plus mobile app and their online account, including accessing details about their past and future payments. The new CCSS will provide time saving benefits for child care providers in their interactions with Government as they manage child care subsidies on behalf of families.
48. The implementation of the CCSS with consolidated and customer oriented user interfaces and robust and timely information sharing between systems/parties will also be beneficial for providers.
49. While most child care providers will access the CCSS via registered third party software, the Provider Entry Point will provide the functionality required for child care providers to supply child care data to Government for the purposes of administering Family Assistance Law and the Child Care Subsidy. The Provider Entry Point was developed in response to sector feedback and provides Child Care Providers with a direct access option to report to Government.
50. In addition, the new CCSS will significantly increase compliance analysis functionality and monitoring to detect possible non-compliance and fraud. Further, it will automatically prevent the payment of subsidies where non-compliance is detected. This will translate into a significantly reduced regulatory burden for child care providers where the CCSS will prevent some non-compliance, thereby avoiding the provider falling foul of the department's compliance program.
51. Currently the department relies heavily on manual processes to undertake compliance action, which can place burden on services and families.

## **Part 2: Quality of child care service provision**

### ***Rationale for regulating the quality of service provision***

52. Regulation of the child care and early learning sector is essential to ensuring the safety, health and well-being of children. Quality early childhood education and care is also important to families as it means that parents can participate in the workforce, confident in the knowledge that their children are safe and their development are in good hands.

### ***National Quality Framework***

53. In 2009, the Australian Government and all state and territory governments agreed to a broad ranging national reform agenda for child care and early learning. This led to the design, introduction and implementation of the National Quality Framework (NQF).
54. The NQF comprises of the Education and Care Services National Law Act 2010 (National Law) and the Education and Care Services National Regulations (National Regulations) including the National Quality Standard (NQS). It sets minimum requirements and quality standards for most long day care, family day care, preschools and outside school hours care services in Australia.

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55. Prior to the introduction of the NQF on 1 January 2012, the regulatory arrangements for the early childhood education and care sector were fragmented and complex, with child care services licensed by nine different regimes across Australia. The NQF replaced this regime with a nationally consistent and streamlined approach to the regulation of child care services and established a national quality benchmark.
56. While the NQF sets one National Law, individual State and Territory governments are responsible for its administration and ensuring child care services comply with the National Law and National Regulations which can sometimes result in different interpretations of the same law. The Australian Children's Education & Care Quality Authority (ACECQA) is a national authority which supports states and territories to administer the NQF and promotes continuous improvement and national consistency in service quality.
57. In 2014 the Productivity Commission Report found there was broad support for the NQF in the early childhood education and care sector. It was also found that the NQF had reduced some regulatory burdens for providers, but the overall burden could be further reduced without detrimentally affecting the quality of care provided. All jurisdictions and ACECQA continue to look for efficient ways to implement elements of the NQF.
58. However the implementation of the NQF has no doubt increased the operational requirements for child care providers and educators. For example, the most recent IBIS World Industry Report (December 2017), *Child Care Services in Australia*, comments that "While the NQF has been designed to drive ongoing improvements in Australia's education and child care sectors, it has resulted in rising operational costs for industry players." (p7).
59. A review of the NQF was undertaken from 2014. The purpose of the review was to ensure the goal of improving quality was being met in the most efficient and effective way, to identify opportunities to streamline requirements and to reduce unnecessary administrative burden.
60. The review echoed the findings from the Productivity Commission Report and found the NQF has been successful in delivering a more unified regulatory system which contributes to improved quality in the provision of education and care services, with a general consensus of support for the NQF. It was also found that some technical and operational improvements should be made to the NQF to further promote national consistency and streamline and reduce regulatory burden for services, including refining the NQS and streamlining the assessment and rating process.
61. These changes were implemented from 1 October 2017 (by 1 October 2018 in Western Australia). A revised NQS was introduced on 1 February 2018 in all states and territories (including Western Australia). The changes maintain quality outcomes for children, while balancing the need to reduce 'red tape' and unnecessary administrative burden for approved providers and services.
62. In the years since the National Partnership was signed, all states and territories have assessed and rated more than 89 per cent of approved services in their jurisdiction with a national

average of 94 per cent. This demonstrates how regulatory authorities across the country have moved from implementation of the NQF to business as usual, and embedded the NQF in the sector and within regulatory authorities.

***Service provider approval processes - reducing complexity and red tape for the child care sector***

63. While the Australian Government plays an important role in assisting families with the costs of care, it does not have a direct role in the management of child care services. Under the National Law, a regulatory authority in each state and territory is responsible for licensing and approving child care providers and services to operate, quality assessments, monitoring and enforcing their compliance and investigating complaints.
64. Under National Law, child care providers and services must be approved to operate by a regulatory authority and this requires providers to demonstrate they meet the requirements of the National Law, including with respect to the quality and safety of service delivery.
65. In addition, child care providers seeking to receive child care fee assistance from the Australian Government on behalf of families must also seek approval from the Australian Government under the Family Assistance Law. Family Assistance Law approval processes build on National Law approvals. Specifically, section 194C(a) of the *Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Act 2017* requires that, to be eligible for Child Care Subsidy approval, a provider of a child care service must hold all approvals or licences required to operate a child care service under the law of the State or Territory in which the service is situated.
66. The application for Child Care Subsidy has been developed to interface with the information on the Australian Children's Education and Care Quality Authority (ACECQA) IT system and to allow validation of National Law provider and service approval. This validation helps ensure data consistency and alignment of legal identities across both National Law and the Family Assistance Law through a streamlined process. The capability to interface with other government registers includes the prefilling of ABN details from the Australian Business Register.
67. The Australian Government has also been working with state regulatory authorities to develop a robust and consistent approach for the approval of applicants across regulatory systems, including exploring moving towards a more joined up approval process through policy changes, sharing information at decision points and streamlining processes. Part of the project has been to undertake comprehensive mapping of both legislative frameworks to identify any further synergies that could be addressed through aligning policy or processes. This project is underway.

### **Part 3: Addressing sharp practice and non-compliance**

68. A more robust compliance framework will be established under the new child care package, limiting opportunities for child care service providers to defraud the Commonwealth or unethically maximise fee assistance.

69. Some of the key legislative changes supporting the new compliance framework include:

- the introduction of an hourly cap on the subsidised fee which will significantly limit the ability of dishonest providers to inflate fees
- the introduction of tougher penalties for non-compliance and streamlined processes to remove unscrupulous providers
- a stronger capacity for Government to review decisions made by providers in relation to the Additional Child Care Subsidy
- the power for the Minister to make legislative instruments to place a pause on child care service applications for approval to administer fee assistance on behalf of families
- prepayment checks for payments where the authenticity of a reported session of care is in doubt and non-payment where there is no entitlement to fee assistance payments

Key individuals will have a unique identifier that is issued only once their identity is verified and which stays with them when they change roles.

70. Recent non-compliant behaviour, most particularly by Family Day Care operators, has proven these steps are necessary. Through vigilant compliance efforts, not only has the Commonwealth stopped over \$1.8 billion in fraudulent claims being paid since the beginning of 2014, but has also had a significant deterrent effect on poor behaviour in the family day care sector more broadly.



## **In summary**

The new child care package is the most significant reform to the sector in 40 years. It has been consulted on extensively and carefully designed to maximise the Australian Government's contribution to the cost of child care. In doing so, working parents have been squarely in mind. The aim is to ensure that parents directly benefit in a way that supports their pursuits to work, train, study and volunteer, while offering their children access to quality early childhood education and care.

Some in the sector may not be supportive of the additional need to report actual hours of attendance. However, families are entitled to information about the hours they use, as compared to the hours they have been charged. This is especially important now that child care subsidies will be paid directly to providers, in an effort to simplify the system.

Similarly, we understand that some in the Family Day Care sector might not support the tightened arrangements in the new child care package. Unfortunately, sharp practice and fraud in Family Day Care have made this a necessity. While understanding that there are many honest providers offering excellent care, where fraud is identified, the Government needs to take action. The fact that existing measures and the Department's ongoing enforcement action have already stopped \$1.8 billion from going out the door since the beginning of 2014, provides justification for the increased compliance response.

While these compliance measures and the new package impose some increased requirements, they also reduce regulatory obligations where possible. For example, the decision to remove the daily and weekly requirements, as well as uncap occasional care places, allows centre based services to diversify their offering to families in a way that responds to local need, and better serve the families who depend upon them through shorter sessions of care.

The Department is three months off delivering the new child care package, and will be closely monitoring its impact. A post Implementation review is planned, and will be completed within 2 years following implementation. This review will, amongst other things, examine any regulatory burden of the package against the benefit for families.