

## Senate Committee: Education and Employment

### QUESTION ON NOTICE Budget Estimates 2017 - 2018

#### Outcome: Early Childhood and Child Care

#### Department of Education and Training Question No. SQ17-000901

Senator Collins, Jacinta provided in writing

#### *Family Day Care providers overseas*

#### Question

In relation to Family Day Care:

- In the last three years, how many Family Day Care educators have been found to be overseas while claiming to be delivering Family Day Care?
- What consequences have the associated Family Day Care services faced?
- What consequences have the educators themselves faced? Why haven't they been prosecuted for fraud and preventing for continuing?
- How many are still working in Family Day Care for other Services?

#### Answer

1. The Department of Education and Training takes a risk and evidence-based, whole of government approach focused on disrupting the business practices of services at highest risk of non-compliance and fraud. This has led to a sustained reduction in incorrect payments, particularly in the Family Day Care (FDC) sector as well as in the number of educators in the sector. Numerous FDC services have been suspended and cancelled for non-compliance, including for the submission of attendance records when the educator has been identified as being overseas.

Currently information on educators is compiled manually as part of compliance action against services. The new Child Care Information Technology System, which will be introduced in July 2018, will require all educators to have a unique identifier which will remain with them as they move between services and service types. Extracting data about individual educators will be automated from that time.

2. FDC services submitting incorrect attendance reports, including claiming sessions of care where the educator and/or child are overseas, face a range of sanctions including suspension and cancellation. Under Family Assistance Law, services must have sufficiently robust governance procedures to ensure educators understand and comply with their obligations and that all reports submitted to the department are accurate.

Since 2014 the department has undertaken around 10,000 compliance checks of which 3800 were conducted in the 2016–17 financial year.

During 2014–15, 69 sanction actions were imposed on services including six cancellations and nine suspensions; by 2015–2016, this had increased to 81 sanction actions, including 32 cancellations and 14 suspensions; in 2016-17 the department imposed sanctions and penalties on 136 services, including removing 117 high-risk services from the market, suspending 49 services, and imposing conditions of approval on 30 services, the majority of which were FDC services.

Actuarial estimates show that the combination of legislative measures addressing sharp practice and non-compliance as well as the department's ongoing enforcement effort has reduced total child care fee assistance expenditure by up to \$1.8 billion since the beginning of 2014. In 2016–17 this impact is estimated to be up to \$794 million (11 per cent of total outlays on child care fee assistance).

3. The department evaluates each criminal fraud referral involving FDC to determine the viability for criminal investigation and referral to the Commonwealth Department of Public Prosecution. This evaluation takes into account the alleged criminal conduct, availability of evidence and the availability of criminal investigative resources as factors in commencing an investigation.

Since 1 January 2014, 22 individuals have been charged with offences against the Commonwealth in relation to child care fraud, 15 of whom are FDC educators. Given that a number of these charges are yet to come before the courts, it is not appropriate for the department to comment further.

4. See 1. above.