

30 November 2025

Select Committee on the ECEC Sector in Victoria
Parliament House, Spring St
EAST MELBOURNE VIC 3002



RE: Inquiry into the Early Childhood Education and Care Sector in Victoria

Dear Committee Secretary

Family Day Care Australia (FDCA) welcomes the opportunity to contribute to the Inquiry into the early childhood education and care (ECEC) sector in Victoria. As the national peak body representing approximately 9,000 family day care educators and approximately 357 approved family day care (FDC) services, FDCA is committed to advocating for a regulatory, funding and policy framework that ensures child safety, promotes high quality, respects service diversity and sustains sector viability.

In recent years, the family day care sector has come under increasing pressure from rising compliance burdens, inequitable funding settings, and regulatory approaches calibrated more so for centre-based models rather than home-based services. These pressures contribute to a concerning decline in educator numbers and approved services despite growing demand for flexible, regulated home-based early learning.

The safety and quality of care delivered to children must always be paramount in any reform process. However, safety measures must be evidence-based, proportionate, and fit-for-purpose, particularly when applied to the unique structure of family day care.

This submission addresses the Inquiry's terms of reference through a family day care lens, offering insights and recommendations grounded in sector realities, empirical evidence, and the lived experiences of educators and approved services. FDCA seeks to contribute constructively by identifying policy solutions that strengthen quality outcomes while ensuring the viability and sustainability of this essential mode of education and care.

(a) Adequacy of current quality and safety standards across all ECEC service types

Family day care operates under the National Quality Framework (NQF) and has a unique dual-layered governance structure whereby educators operate as sole traders or contractors from their own homes, under the oversight of approved services who hold primary legal responsibility for ensuring compliance and quality. FDCA strongly supports the objectives of the NQF: ensuring children's safety, health and wellbeing; improving outcomes; promoting continuous improvement; and improving public access to quality information, while reducing unnecessary regulatory burden through national integration.

FDC services and educators are subject to the same National Law, National Regulations, and National Quality Standards as centre-based services, but the application of these standards within a home-based setting presents unique compliance and practice challenges. Key concerns include:

- The regulatory burden faced by FDC educators and approved services, with evidence showing that the administrative load associated with documentation and reporting is a key driver of sector attrition.

- The need for regulatory proportionality, ensuring that compliance mechanisms are fit-for-purpose in home-based settings and do not impose requirements modelled on centre-based environments.
- Opportunities to strengthen quality through capability building and targeted funding.

In FDC, small group sizes and continuity of care with a single educator provide an inherently responsive and relationally safe environment. FDC operates with a maximum of seven children, with no more than four under school age at any one time - features that differ markedly from multi-room centre environments and should inform risk assessments and compliance design.

FDCA welcomes many of the child-safety reforms stemming from the ACECQA Child Safety Review, such as broadened child protection training, stronger RA powers (where there are robust guardrails that limit overreach and support appropriate, proportionate enforcement), improved information sharing, tighter controls for digital devices, stronger penalties for inappropriate conduct, and broadened WWCC requirements. However, we must emphasise that any measures enacted through the Amendment Act (and beyond) need to be evidence-based, proportionate and context-specific for family day care.

In terms of safety, there is a distinction between regulatory breaches and serious incidents that should be noted: *"Not all confirmed breaches represent a risk to children's health and safety, and the degree of risk varies according to the individual circumstances of the breach. For example, a breach may relate to a failure to display prescribed information at the service premises. It is also important to note that multiple confirmed breaches can be the result of a single event and the same service can be the subject of several confirmed breaches."* (Source: Australian Children's Education and Care Quality Authority [ACECQA] (2024), National Quality Framework Annual Performance Report, p.23).

While ACECQA data from the National Quality Framework Annual Performance Report (2024) in 2023/24 indicates that the rate of confirmed breaches is higher in family day care, the proportion of FDC services with one or more confirmed breaches (45%) is considerably lower than long day care, at 57%. Additionally, in terms of serious incidents, in the same year the proportion of family day care services reported one or more serious incidents was 40% compared to 67% in long day care. However, as with all statistics of this nature, caution must be applied as noted in the report:

"It is also very challenging to make robust comparisons of the rate of reported serious incidents across service types or financial years for a number of reasons. In common with other sectors, dealing with both the likely 'over' and 'under' reporting of serious incidents from different parts of the sector is particularly difficult.

For example, an approved provider might report a relatively high number of serious incidents because of one or more of the following factors:

- *Robust and comprehensive reporting mechanisms*
- *Overly cautious reporting procedures*
- *Unique child cohorts and service circumstances*
- *Lack of understanding of what constitutes a serious incident*
- *Poor health and safety standards."*

Source: Australian Children's Education and Care Quality Authority (2024), *National Quality Framework Annual Performance Report*, p.19.

(b) Quality and oversight of educator training, professional development and qualifications incl. WWCCs and RTOs

FDCA supports mandatory, nationally approved child-protection training for all personnel (including educators, students and volunteers), implemented with *subsidised* access and tailored modules for FDC. This is the position FDCA advanced under our response to the Child Safety Review.

Regarding WWCCs, FDCA supports stronger, harmonised notification obligations to ensure providers are alerted where a WWCC is suspended or cancelled and to avoid duplicated reporting across the NQF and Family Assistance Law (FAL). FDCA recommends a unified digital interface to prevent double handling and reduce compliance error.

(c) Impacts of Victoria's predominantly privatised ECEC system - comparisons on accessibility, affordability, safety and outcomes

Evidence suggests that for-profit services are overrepresented in lower quality and compliance statistics, both in family day care and in the broader sector. However, the key driver is not profit-driven status alone, but the alignment between commercial incentives and regulatory and quality expectations.

Our position is not to stigmatise the for-profit model, but to demand a system that promotes reinvestment into educator support, service governance, and child safety infrastructure regardless of business structure.

In this discussion, an important distinction should be made here between the "corporatisation" of the centre-based care, and "for profit" providers in family day care. "For-profit" providers in family day care are not large chains, corporate conglomerates, or entities backed by multinational private equity firms; they are almost exclusively single service entities who are small business operators.

In family day care there are high quality dedicated providers that operate as private providers and not-for-profits; equally there are those in both categories where improvements could be made.

The growth of for-profits is a misnomer in the family day care context. The proportion of for-profit vs not-for-profits is more a product of the unfortunate exit of many of the sector's oldest and most established providers, mostly as a result of viability strain, as opposed to a proliferation of private providers into the market. In fact, in the last five and a half years, in the entire country, there have been only 15 new family day care services that received CCS approval to operate.

In family day care services, the service fulfils a co-regulatory function that, in our view and as evidenced by the overall decline in provider numbers, is dramatically underfunded. In some cases, not-for-profit providers are local government services or are an arm of a larger not-for-profit organisation that cross-subsidises the service. On occasions this may mean that the service is more adequately resourced to fulfil this co-regulatory function. FDCA believes that better resourced services will support better outcomes for children. Overall, FDC services are doing an incredible job of supporting children and families with the limited resources at their disposal.

As to the question of comparisons in terms of matters related to accessibility and outcomes, FDCA contends that it would be more valuable (given the above) to note differences between ECEC care types. Family day care plays a disproportionately important role in access and equity:

- 72% of children attending FDC are in the five least-advantaged SEIFA deciles¹; 26.1% of FDC educators operate in regional and remote areas²; 23.5% work in the two most disadvantaged deciles³.
- FDC is the primary regulated option for non-standard hours (evenings, weekends, overnight). For example, 85.5% of FDC services offer weekend care (in comparison with 0.5% of LDC), and 47.5% offer overnight care⁴.

As referenced in the ACCC Childcare Inquiry Final Report, family day care is important for many culturally and linguistically diverse households, providing an alternative choice to centre based day care that may be more flexible or better able to cater to particular cultural and linguistic needs (p.173); however, the availability of these services is reducing (p.131), which is highly problematic.

Recent evidence also shows that family day care is playing a significant role in supporting children from CALD backgrounds and their families. Indeed, the latest Early Childhood Education and Care National Workforce Census National Report (2024) revealed that around half (n= 4,140) of the total number of children attending child care services (n=8,732) during the reference week from a refugee or special humanitarian program background, attended family day care services. This compared to only 3,811 in centre-based services, *a sector well over 10 times the size of family day care.*

Additionally, the Australian Education Research Organisation (AERO) found that “family day care may be an important complement to preschool for emerging multilingual children. When we analysed children’s pathways from one ECEC setting to another, we found that emerging multilingual children had better outcomes when they participated in family day care in the early years (between 2013 and 2016), followed by standalone preschool in the year before school (2017) ... family day care followed by standalone preschool was associated with an increase in Language and Cognitive Skills (school-based) scores between 1.2 to 2 times larger than for those children using long day care followed by standalone preschool.”⁵

Returning to the overarching question, there are family day care services, both for-profit and not-for-profit, that provide exceptional support to children and families. Many not-for-profit providers, such as councils or community organisations, benefit from cross-subsidised central services that bolster their governance, operational sustainability, and capacity to fulfil their intensive co-regulatory responsibilities under the NQF. In contrast, across the family day care sector more broadly, these critical service-level functions are chronically underfunded. While governments continue to prioritise capital investment in new centre-based infrastructure, direct funding for the governance and operational supports required by approved family day care services remains limited or entirely absent. A more equitable and tailored support framework, policy and program environment and funding approach for the family day care model is essential to support quality, sustainability, and improved outcomes for children.

¹ Australian Competition and Consumer Commission (ACCC), December 2023: Childcare Inquiry, Final Report: p.185.

² FDCA internal member data.

³ Ibid.

⁴ 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.

⁵ Lampe, B., Healey, B., Collier, L., & Jackson, J. (2023) Promoting equity for multilingual children in early childhood. Australian Education Research Organisation. From <https://www.edresearch.edu.au/resources/promoting-equity-multilingual-childrenearlychildhood-research-report>

(d) Impact of workforce conditions - pay, job security, workload, recognition - on educator wellbeing, retention and quality

Despite playing a critical role in Australia's ECEC landscape, the family day care sector continues to be disadvantaged by a funding model that fails to reflect the sector's unique operational structure, diverse workforce model, and contribution to addressing unmet demand, particularly in regional, remote, and under-served markets.

Two key structural funding inequities remain unresolved and are significantly undermining the long-term sustainability of family day care: the inappropriately low Child Care Subsidy (CCS) hourly rate cap and the absence of tailored, predictable supply-side funding mechanisms.

As confirmed by both the ACCC Childcare Inquiry and the Productivity Commission Inquiry, the current CCS hourly rate cap for FDC does not accurately reflect actual delivery costs or workforce remuneration needs, with an astounding 51% of family day care services charging above the hourly rate cap. This inequitable market intervention places downward pressure on educator income, compromises viability, and undermines sector growth.

Similarly, while existing mechanisms such as the Community Child Care Fund provide limited relief, their short-term and project-based nature fails to deliver the consistent and strategic investment required to support FDC service operation in high-need areas. The lack of a permanent supply-side framework, such as per-child, per-hour service funding with appropriate loadings (i.e. for non-standard hours and in regional areas of need) further constrains provider capacity to attract and retain educators. Compounding these challenges, the family day care sector was excluded from the 2024 ECEC Worker Retention Payment package, exacerbating inequities in workforce support. The family day care model, characterised by flexible hours, non-standard care, and decentralised educator locations, requires a funding system that is equally flexible, responsive to variation in care types, and capable of supporting innovation in service delivery, including mixed-hour sessions, overnight care, and education in rural or isolated settings.

There is evidently a compelling, if not undeniable, case for urgent policy reform starting with an interim adjustment to the FDC CCS hourly rate cap and the introduction of appropriately tailored, legislated and program funding streams to ensure that Australia's early education and care system is flexible, equitable, and fit for purpose across all service types.

For more detail, please see <https://www.familydaycare.com.au/representing-you/submissions>

Conclusion

Family day care in Victoria plays a critical role in supporting flexible, high-quality and community-connected early education. As the sector navigates significant reform and scrutiny, it is essential that regulatory, funding and oversight mechanisms are designed with the specific characteristics of family day care in mind.

FDCA reaffirms that family day care is a vital, distinct and irreplaceable pillar of Australia's early childhood education and care landscape. It delivers high-quality, flexible, relationship-based education and care to tens of thousands of children every day, particularly vital for those in rural and remote communities, culturally and linguistically diverse families, and for households working non-standard hours. Despite this, family day care continues to face structural disadvantage across policy, regulatory, funding, and public narratives that are largely shaped around the needs and characteristics of centre-based models.

The regulatory and compliance burden continues to grow in complexity and scale, while funding settings undermine viability and workforce sustainability. At the same time, public

discourse often overlooks or mischaracterises the unique strengths of the model. Without immediate and contextually informed intervention, family day care will continue to contract, leaving families with fewer choices and more children without access to flexible, quality care.

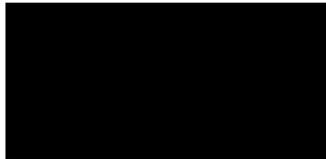
A balanced, collaborative approach is needed, one that upholds the highest standards of quality and child safety while also fostering sustainability, choice, and equity across the system. With the right settings in place, family day care can not only survive but thrive, continuing to meet the evolving needs of Australian families with compassion, flexibility, and professionalism.

FDCA supports Victoria's ambition to lift quality and child safety and to improve system stewardship. But success depends on designing for context.

I must implore the Committee – do not fail family day care, and all the children, families and communities which depend upon it.

FDCA would welcome the opportunity to present to the Committee and to contribute to co-design of any Victorian guidelines or reforms flowing from this Inquiry.

Yours faithfully



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