

# TRANSCRIPT

## SELECT COMMITTEE ON THE EARLY CHILDHOOD EDUCATION AND CARE SECTOR IN VICTORIA

### Inquiry into the Early Childhood Education and Care Sector in Victoria

Melbourne – Tuesday 10 March 2026

#### MEMBERS

Anasina Gray-Barberio – Chair

Michael Galea – Deputy Chair

Melina Bath

Georgie Crozier

Jacinta Ermacora

Sarah Mansfield

**WITNESSES** (via videoconference)

Andrew Paterson, Chief Executive Officer, and

Michael Farrell, General Manager, Advocacy and Engagement, Family Day Care Australia.

**The CHAIR:** Good afternoon and welcome back. We will now resume the committee's public hearings for the Inquiry into the Early Childhood Education and Care Sector in Victoria.

All evidence taken is protected by parliamentary privilege as provided by the *Constitution Act 1975* and provisions of the Legislative Council standing orders. Therefore the information you provide during the hearing is protected by law. You are protected against any action for what you say during this hearing, but if you go elsewhere and repeat the same things, those comments may not be protected by this privilege. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament.

All evidence is being recorded. You will be provided with a proof version of the transcript following the hearing. Transcripts will ultimately be made public and posted on the committee's website.

For the Hansard record, can you please state your name and any organisation you are appearing on behalf of.

**Andrew PATERSON:** My name is Andrew Paterson. I am the CEO of Family Day Care Australia.

**The CHAIR:** Thank you.

**Michael FARRELL:** Michael Farrell, General Manager of Advocacy and Engagement for Family Day Care Australia.

**The CHAIR:** Thanks very much. We are now going to go through and introduce ourselves. My name is Anasina Gray-Barberio, MP for Northern Metro and Chair.

**Michael GALEA:** Michael Galea, Member for South-East Metro and Deputy Chair.

**Sarah MANSFIELD:** Sarah Mansfield, Member for Western Victoria Region.

**Melina BATH:** Melina Bath, Eastern Victoria Region.

**Georgie CROZIER:** Georgie Crozier, Southern Metropolitan Region. Good afternoon.

**Jacinta ERMACORA:** Jacinta Ermacora, Western Victoria Region, coming to you from Warrnambool today.

**The CHAIR:** I would now like to invite you, Mr Paterson and Mr Farrell, to make an opening statement. I just ask that you please keep it to a maximum of 8 to 10 minutes to ensure that we have plenty of time for discussion. Thanks very much.

**Andrew PATERSON:** Thanks, Chair. And thanks, committee members, for the opportunity to appear today. My name, as I said, is Andrew Paterson. I am the CEO of Family Day Care Australia, or FDCA. FDCA's membership comprises approximately 9000 educators and 350 approved family day care services nationally. Family day care is an approved early education and care type. As such it operates under the same regulatory and quality framework as long day care and attracts Commonwealth government subsidies. But family day care is not a scaled-down version of centre-based care, it is a structurally distinct model. Qualified educators operate as sole traders from their own homes with oversight and support from their family day care service. This dual layered governance structure creates a different risk and quality profile, a differentiated cost structure and a nuanced regulatory interface. Family day care inherently benefits from small group settings and strong educator-child-parent relationships. With a maximum of four children under school age and a consistent educator, relational safety and quality are structural strengths of the model.

FDCA supports the paramountcy of child safety, the regulatory framework and the majority of recent strengthened reforms. However, regulation must be proportionate, evidence-based, calibrated to risk and situationally appropriate. Policymakers must pursue a regulatory system that is streamlined, integrated and

efficient, not a patchwork of duplicative tasks that redirect time, energy and resources away from educating and caring for children. We are deeply concerned about the cumulative administrative load, which is becoming unsustainable. Since the introduction of the childcare package, approved family day care services have declined by 26.9 per cent and educator numbers in excess of 40 per cent. Demand has not fallen, viability has, and we are losing some of our oldest and most established services. Compliance must remain strong, but when regulatory load outpaces capacity, the result is attrition, and attrition reduces safe, regulated care choice for families.

With regard to workforce conditions, remuneration, retention and intersections with quality and safety, it is important to reiterate that apart from service staff, family day care is not an employee model, it is an independent contractor model. The hub-and-spoke structure has not been adequately reflected in funding, remuneration or workforce support systems. These gaps sit at the core of increasing viability strain and diminishing capacity to support children and families.

The lower childcare subsidy hourly rate cap for family day care is inequitable, a position we have held since its inception in 2018 and recognised by the ACCC and the Productivity Commission. In short, this discrepancy significantly impacts viability across the family day care system. The combination of rising administrative burden and inadequate funding has triggered a diminishing viability cycle. This places significant strain on the capacity of approved services to fulfil their co-regulatory function, including induction, training, support, monitoring and oversight of educators. That function underpins safety and quality, and it must be adequately supported.

I note the committee's comparative exploration between for-profit and not-for-profit providers. I would state up-front that our position is not to stigmatise the for-profit model, and it is important here to make the distinction between the corporatisation of 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 private equity; they are almost always single-service entities who are small business operators. The growth of for-profits is a misnomer in the family day care context. The proportion of for-profits versus 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 5½ years in the entire country there have only been 15 new family day care services approved for childcare subsidy. In this context I would therefore suggest that issues surrounding accessibility and outcomes are, for family day care, more about viability strain and sector constriction than about provider type.

For many families, family day care is their option of choice. For many others, it is their only choice. Family day care disproportionately serves regional and remote communities, areas of socio-economic disadvantage, families requiring non-standard hours, culturally and linguistically diverse households and children from a refugee background. It provides the vast majority of regulated overnight care and weekend care in Australia. Outside of long day care, family day care is the only other mainstream early childhood education and care type in this country. Without family day care, genuine choice for families simply does not exist, and without genuine choice, universal access cannot be truly achieved. I reiterate our position that child safety must remain paramount within Australia's ECEC system. However, it cannot be denied that safety, quality, viability and access are deeply interconnected. When one of those core pillars is weakened the strength of the whole system is compromised. Thank you again for this opportunity. We look forward to assisting the committee further.

**The CHAIR:** Thank you so much, Mr Paterson, for your opening statement. I will now begin with my questions. In my research of enforcement actions from the regulatory body, family day care centres often came up. They often operate as sole traders from private homes. What oversight mechanisms do you think, in your mind, are most effective for consistent child safety standards in that environment?

**Andrew PATERSON:** Thanks for the question. I think, as I alluded to in my opening statement, the model is founded on the regulatory functions and the spread of regulatory functions across the regulatory authority and the family day care service. We often say that the family day care service fulfils a co-regulatory function. It has specific obligations to monitor, oversee and support its educators, so it acts as that intermediary between the regulator and the educator, and that role is absolutely critical in supporting quality and safety in family day care. I guess, to go to my point earlier, as we see services experience significant viability strain and increased administrative burden, the services' capacity to fulfil that important function comes under pressure.

**The CHAIR:** Just on that administrative burden that you spoke about in your opening statement, can you give us examples of what that actually looks like in practice for your family day care educators and providers?

**Andrew PATERSON:** Sure, yes. I mean, we have seen probably almost a decade now, I would say, of regulatory reform both across the broader sector and in family day care specifically, all of which comes with a compliance-related administrative burden. Over the last 12 months we have probably seen the most significant and rapid period of regulatory reform, I would argue, in the history of the ECEC sector in Australia, all of which comes with mounting pressure to remain compliant with an ever-changing regulatory environment. So just the changing nature of the environment itself and the compounding compliance obligations are the contributors to that significant growth in administrative burden. What we see too, which I think is one of the big challenges that we face, is services operate across a whole range of administrative systems. You have got third-party childcare software, you have got PRODA, you have got the NQAITS and you have got other sorts of system-based administrative and compliance requirements at state and territory levels, many of which do not interact well with each other. There is duplication of documentation, and there is duplication of requirements to provide, store and report on a whole range of elements of the operations of a service. I think that becomes particularly prevalent when we see the pace of reform that we are experiencing at the moment.

**The CHAIR:** I think the pace of reform, as you can probably appreciate, stems from horrific cases happening in early childcare centres. But family day care is not immune to this, right? In the *Age* last year it was reported, in November, that a family day care out west in Melbourne found that the educator's husband was found to be sexually abusing one of the children, a young two-year-old, while in their care. Now, in your submission you spoke about how you welcome many of the child safety reforms, but you also emphasised measures need to be proportionate and context specific for family day care. Can you just make me understand what that means?

**Andrew PATERSON:** Yes, sure. I do not disagree with what you have said. There is no care type that is immune from the risk of harm to children, and I think collectively we need to all adopt an attitude that ongoing improvement is just central to the work that we do – I would like to acknowledge that up-front – and the risks are different. To give you an example of contextualised and/or proportionate reform that we saw, I can give a good example in Victoria around the use of personal devices. In Victoria the requirements around the ban on personal devices in day care services for long day care staff was really not a fit-for-purpose reform in the family day care context in that you have an educator working on their own with children in their home environment. They need access to a device of some sort. In consultation with the Victorian government we reached a position whereby a personal device could be used for correspondence, not for the capturing of images. If images were required to be captured, it would need to be done on a service-issued or approved device. So that is probably an example of where the contextualisation of regulatory reform was done well, and I do certainly commend the Victorian government for their efforts in that space, particularly.

**The CHAIR:** Being the peak body, were you at all engaged during the Victorian government child safety review process?

**Andrew PATERSON:** Yes, I was.

**The CHAIR:** And did you let them know some of these issues that are happening in family day care that need to be addressed, such as the administration burden and the viability strain? What are the attrition rates for family day care?

**Andrew PATERSON:** Michael, you might be able to answer that question better than I can in terms of the specific data, but we know we have lost, I think it was, about 30 per cent of services and about 40 per cent of educators since the introduction of the childcare subsidy. So that is –

**The CHAIR:** And that is purely because they cannot access the childcare subsidy – that is what is putting that strain on them?

**Andrew PATERSON:** No, it is more a product of the intersection of the work that is required to do the job. If I speak from an educator perspective particularly, the administrative load that goes with being an early childhood educator in family day care and where that intersects with their capacity to be remunerated fairly, I think, is where we have come to sort of a crux point. Because of things like the childcare subsidy fee cap being lower in the family day care context, it is inequitable. Also when you layer on top of that a whole raft of

supports that are particularly tailored to an employment-based environment like long day care – and I will speak specifically to things like the worker retention payment – the gap between family day care and long day care is widening in terms of its capacity to generate revenue and be suitably remunerated. So it is the intersection of those two things that are really the drivers of attrition in the sector.

**The CHAIR:** Thank you, Mr Paterson. My time is up. I am going to pass it over to the Deputy Chair. Thank you.

**Michael GALEA:** Thank you, Chair. Thank you for joining us. As I am sure you are aware, Mr Paterson, one of the key recommendations of the rapid review, which has now been enacted into the national law, is that the safety, rights and best interests of children must be the paramount consideration of staff in services. Am I right to assume that FDCA supports this change?

**Andrew PATERSON:** Yes, absolutely.

**Michael GALEA:** Thank you. Given the unique environment – a lot of the conversations that we have had and that we have heard about from other witnesses are about multiple staffing ratios with those larger facilities and multiple eyes – when you have what is effectively a single educator, how do you compensate for the fact that you do not have that second set of eyes in a facility?

**Andrew PATERSON:** That is a good question. I am going into a consultation with the Commonwealth and other stakeholders tomorrow, looking at things like supervision ratios and the like. To your point, the different care types in the models have their own strengths and their own challenges. What we know from some of what was reported is that some of the most horrific instances across centres that were reported throughout the course of last year came about really through the casualisation of the workforce and the capacity of a motivated perpetrator to almost gain anonymity in a bigger environment and to perhaps not be completely truthful around their employment history. So to your question, yes, in a family day care context, it is a single educator. Mind you, they are monitored and overseen by their family day care service, but they cannot be there all the time. I guess on the flip side what you get in terms of strengths are very, very strong relationships between children, educators and parents, and you have continuity of care in that environment, so the parent knows exactly who is looking after their child on any given day when their children go into care, and they form extremely strong long-term relationships where there is a high level of understanding and trust between those entities.

**Michael GALEA:** Thank you. Your submission does note that for-profit services are over-represented in lower quality and compliance statistics. You do go on to make clear that your position is not to necessarily stigmatise the for-profit model but to say that the system needs to promote investment into educator support, the service guarantee and child safety, regardless of how the business is structured. Could you just elaborate a little bit on this and what you are exactly calling for here? Are you calling for broader increased funding across the board, or are you calling for targeted funding for the models that are having those better outcomes, such as the not-for-profit, or more funding for the models that are not getting these outcomes?

**Andrew PATERSON:** Sure. As I said in my opening statement, the rise of for-profit services in the family day care context from a proportional perspective is more a product of the not-for-profits falling out, exiting the sector – longstanding council-run services, for example, and large not-for-profits – for a range of reasons, mostly being, as I said, viability and strain, and getting out. Hence the proportion is changing; it is not like we have seen this influx of for-profit providers. With respect to performance under assessment and rating, we do not deny that the for-profits on the whole perform not as well as some of the not-for-profits. If you look at the areas where the family day care sector performs less well than long day care, governance and leadership predominantly, what we know from these very small – I will call them for-profit but probably a better term is private – providers is they do not often have a lot of the sort of infrastructure that would go to support the sorts of expectations around governance and leadership that might be expected in an assessment and rating visit, for example, by comparison to a long day care service or by comparison to, say, a not-for-profit council service that would benefit from sort of back-end, back-of-house supports that would come through the infrastructures of local government.

Specifically with regard to what we are calling for, what we are calling for is adequate support for the function of the family day care service. It is a slightly technical nuance of the way that a family day care service derives its revenue, but that is through a per-child, per-hour levy of the total fee, which is usually around \$1.50 per

child per hour. If an educator has four children, the service is deriving \$6 per hour to cover its costs. We have an inequitable childcare subsidy fee cap, which forces the total fee down. That forces down the capacity of the service to fund its functions. So we need a childcare subsidy fee cap that reflects and can support the system on the whole, and I talk specifically to the functions of the family day care service in particular, or alternatively we look back at the sorts of supports that existed previously, like the community support program, which was a specific funding program that supported the service in its functions of going out and visiting its educators. If we look at the supply side of operational funding, that is the kind of model that would be required if we were not to get a childcare subsidy fee cap that supported the system on the whole.

**Michael GALEA:** Thank you. If I can clarify, the short of it is there needs to be more funding specifically to the FDC sector as part of the CCS or through other means to remedy the different outcomes that are being seen between –

**Andrew PATERSON:** Yes. To better support the functions of the service and the service's performance in fulfilling its co-regulatory functions and its functions in supporting child safety and quality.

**Michael GALEA:** Thank you. I do have more, but I realise my time is up, so I will pass back to the Chair.

**The CHAIR:** Thank you. Thank you, Ms Crozier.

**Georgie CROZIER:** Thank you, Chair. Thank you both for being before the committee this afternoon. Mr Paterson, the FDCA has, according to your submission, approximately 9000 family day care educators and 357 approved family day care services. Can you break down for the committee how many are in Victoria?

**Andrew PATERSON:** Yes. They are members of ours, and there would be – Michael might be able to quickly do some googling for me here. But certainly dominating are New South Wales and Victoria as the biggest states; Queensland is coming in third. Michael, do you have that number specifically? It would be in the vicinity of maybe 3000.

**Georgie CROZIER:** I am just wondering: where are they largely based? Because, as you said, the sector caters for the CALD environment – you said refugees and others in regional Victoria. So where are you predominantly based? Are you in the western suburbs? Are you in regional Victoria in certain areas? Have you got that breakdown as well?

**Andrew PATERSON:** If you would like, we could certainly provide you with a really detailed breakdown on notice.

**Georgie CROZIER:** That is fine.

**Andrew PATERSON:** Would you like that?

**Georgie CROZIER:** Yes, thank you. The reason I ask is given the numbers – they are not insignificant numbers. I am just curious as to what would happen if you were taken out of the sector, because as your submission says, there are inequitable funding settings and it is becoming more difficult. The second last line of your submission says, 'do not fail family day care, and all the children, families and communities which depend upon it.' I am just wanting to understand those details, because if they are taken out of the sector, then what happens to those families and children getting this support and education? You were talking about how regulation must be proportionate and explained that to the Chair, given the sector. I know there were issues a few years ago in 2017 and 2018 and there were a number of investigations that went in place and centres were shut down. But did those actions back then largely weed out the bad players, if I can call them that, and clean it up since that time? You know what I am referring to. I was just –

**Andrew PATERSON:** Yes. Absolutely.

**Georgie CROZIER:** I was the shadow at the time, and I cannot remember the time.

**Andrew PATERSON:** Unfortunately, I do know exactly what you are talking about, yes. Just to rewind quickly, Michael, did you find the number for Victoria in total?

**Michael FARRELL:** September quarter 2025, 106 approved services in Victoria. We will have to take the educator number on notice.

**Georgie CROZIER:** Thank you.

**Andrew PATERSON:** I would say it is roughly the 3000, but we will come back to you with some more specifics on that. Just to your point around what would happen if the sector were to disappear and be unavailable, I think that that would be a significant loss to children, families and communities across Victoria, both metro, regional, rural and remote, and particular cohorts of children as well that I referenced earlier, be it CALD communities and those in other regional and remote communities across the country. I certainly acknowledge and note your point there, and we will come back to you with some specific data.

To your further question, yes, we absolutely acknowledge there were issues with childcare subsidy fraud in the childcare sector going back some time. We have done an incredible amount of work with the Commonwealth government in regulatory reform to weed out those providers and to implement reform that would stop the loopholes that facilitated that fraud. I would say it has been extremely successful. There is still a little bit of work to do, but I would say for the most part we have come a very, very long way in eradicating those that were doing the wrong thing and being in a position where those that are doing the right thing remain in the sector, albeit there is a legacy strain that comes off the back of a period of half a decade of reg reform. Unfortunately, with those doing the wrong thing, the response to that inevitably carries over to those doing the right thing, and we continue to experience strain from that.

**Georgie CROZIER:** Thank you. Given the cohort that large numbers of your providers serve – some very vulnerable groups – what are the challenges that you see, given that they are unique circumstances? Again, if you were taken out of the sector, what would happen to those potentially very vulnerable children and their families?

**Andrew PATERSON:** Sure. Let us just take, say, the CALD communities that are supported through family day care. The reason that we see a high proportion of representation in these communities is that family day care evolves from within its communities. It is in and representative of the communities in which it operates. It is a micro business and very community based, so often it is very reflective of its community. That is why we see such high representation in lots of different communities. The challenges that come with an incredibly highly regulated sector with often a high level of compliance when you are working in communities where English is perhaps a second language, with the burden on the service to disseminate information and almost translate that to its educators is sort of an additional load that a service just operating in an English-speaking community does not have to take on. They often fulfil functions too as a community hub. They go well over and above their functions in simply providing early education and care.

Michael, I might just get you to touch on something, if you would not mind. There is this particular stat that I think is worth mentioning around the participation of children from refugee backgrounds and their pathways into the early childhood education and care system, noting your question around what would happen if family day care were to disappear.

**Georgie CROZIER:** I am interested in that. I know I have run out of time, but yes, I would be interested in that answer if we could, Chair.

**The CHAIR:** Yes, that is fine if Michael is there to give us those stats.

**Michael FARRELL:** Sure. That, specifically in relation to children from a refugee or humanitarian background, was referenced in our submission. But I think it is most notable, and the data comes from the *Early Childhood Education and Care National Workforce Census 2024 National Report*. Specifically for that cohort of children, it is notable that of the 8732 children from those backgrounds in the ECEC sector nationally, around half, so 4140, are attending family day care. The thing that stands out, obviously, is that family day care is 10 times smaller or more so than the centre-based sector. I think that is particularly worth noting. It is also worth noting the findings from the Australian Education Research Organisation, or AERO, report on emerging multilingual or bilingual children, which noted specifically improved developmental and learning and linguistic outcomes for children that attended a combination of preschool in the year before school and family day care, as opposed to a combination of any other care types or a single care type alone.

**Georgie CROZIER:** So better attainment – is that what you are saying?

**Michael FARRELL:** Yes, in terms of specific, measurable outcomes in terms of language and cognitive skills in school-based scores.

**Georgie CROZIER:** I could go on. I have just one last one: does that help with their integration into mainstream schools then?

**Michael FARRELL:** I do not have the report just in front of me at this point in time, but my assumption would be yes. We can provide the report on notice if that helps.

**Georgie CROZIER:** Thank you, Mr Farrell.

**The CHAIR:** Thank you. Dr Mansfield.

**Sarah MANSFIELD:** Thank you. Thank you for your submission and for appearing today. You have made the case that the family day care setting is quite different and has distinct features from some of the group settings in an early learning centre or a preschool or kindergarten. From a regulatory perspective, what do you think needs to change to better reflect those differences between the two settings?

**Andrew PATERSON:** That is a good question. If we look at, say, assessment and rating as an example in terms of the overall overarching functions of regulators, we have held the position for some time that whilst we operate under the same quality and safety framework, the models and the context are so fundamentally different that the extent to which regulators and authorised officers are able to apply a different lens in the way in which they view quality between two very different care types is sometimes challenged. We have done some independent research around this, and certainly whilst there were no findings of inherent bias against one care type or another, it certainly recognised that the sector experiences challenges in that context, specifically in the capacity of regulators to view family day care through a contextualised lens.

**Sarah MANSFIELD:** You have spoken to the issue of quality. In terms of safety, I guess there are also distinct differences in that by and large care is being provided within a home as opposed to an early learning centre. A number of my colleagues have raised the issue that statistically there are perhaps more safety incidents that occur in the family day care setting. From a regulatory perspective, do you think there is a way that the unique safety issues that might arise in a home setting compared to an early learning centre can be better managed and reflected?

**Andrew PATERSON:** Firstly, Michael, can I just throw to you with regard to the data on incidents? Can you just clarify for me where we stand there? I just cannot recall off the top of my head.

**Michael FARRELL:** I am not sure specifically what data is being referred to there, but I think if you look at the latest report on government services data and also ACECQA's annual performance report, which looks at the difference in frequency of reported serious incidents and/or breaches, the actual frequency of serious incidents reported in the family day care sector is significantly lower than it is in centre-based care. The frequency per hundred services I think is about half that of centre-based care. But again, we can take that on notice and give you –

**Andrew PATERSON:** I might add to that, going beyond the question regarding data. I come back to my point earlier that we are all in this together. I think that no care type is immune from risk, nor are we immune from being compelled to take an ongoing improvement approach to our work collectively. I reiterate – I may sound like a bit of a broken record here – that in the family day care service you have got educators operating isolated in their own homes. That support function and that oversight function is a fundamental foundation of the model, and if services can do that better – be more present, spend more time, be more in the moment with educators – we can only benefit from that. A service could have 50 educators; they could have 100 educators. Regulators cannot be in those homes all the time. They really rely on the family day care service.

**Sarah MANSFIELD:** You spoke about the lower rates of reported incidents. We have heard from other parts of the sector that there can be challenges with reporting and with confidence in being able to speak up about incidents. What would your reflections on that reporting culture within the family day care setting be?

**Andrew PATERSON:** I think the expectations would be the same. Certainly the requirements are the same. Confidence and capacity and capability at the individual educator level can only be better supported by better training, better ongoing engagement through their service and more frequent contact. Michael, would you like to add anything to that?

**Michael FARRELL:** I think that contextually, as Andrew said, the requirements around notifications are similar. There may be contextual differences which might provide barriers in both care types. In a centre-based setting it would be potentially more around reluctance through your close interactions with your peers, and at a family day care educator level it may be potentially less confidence based on the other side of the spectrum, being an isolated educator on their own. I think they are contextually different.

**Sarah MANSFIELD:** Thank you. I think that is just about my time.

**The CHAIR:** Thank you. Ms Bath.

**Melina BATH:** Thank you very much. Today we certainly get an education ourselves when we come to these inquiries. We have pieces of knowledge, and then they are expanded through very important conversations. I just want to go to a couple of things. I think your submission talks about and we have heard that CALD communities and many of those families that use family day care services are from low socioeconomic regions or cohorts. Is that a reasonable, fair statement?

**Andrew PATERSON:** Yes, that is a fair statement. The data would support that there is a high representation in those communities, yes.

**Melina BATH:** You have mentioned the childcare subsidy being insufficient. I am just wondering, given those claims, what specific accountability measures should accompany any additional funding. Say you get your wish and there is an increase in funding or regulatory concessions. I know you said that you are drowning in paperwork, so you are going to get extra funding, for example – I am just giving you a scenario. What sort of concessions for that funding? How can government be assured that they are going to get better value for money, keep you, keep your carers, keep your educators and also protect children more? How do you marry that in an ideal scenario?

**Andrew PATERSON:** That is a multifaceted question, I guess, in terms of accountability. On one hand, that could be accountability with regard to payment integrity. At the Commonwealth government level there has been an enormous amount of work done there. We are doing work with the Commonwealth at the moment – you know, a specific project with the Commonwealth – across a whole range of areas, and that includes things like payment integrity to shore up the system such that the government can continue to build confidence in investing in the sector. With regard to ties to quality, I am not sure, necessarily, that there would be a differentiation between what is required of a family day care service versus what is required of a long day care service. I cannot necessarily think of anything that would differentiate the two on the basis of the childcare subsidy caps specifically that would make the sector viable.

**Melina BATH:** Thank you. It is looking for the highest standards across all, I am assuming. There were incidents reported in the newspaper last year about family day care. This is not in any way a witch-hunt by any stretch. I actually used family day care when I first returned to work and had very little boys, and I found a wonderful service in my local area, where there was childcare desert, but we did not call it that at the time. But looking at, I will say, the rotting of the system – claims for subsidies for children when they were not in attendance, breaching ratios, setting up sham residencies and falsifying attendance sheets – what are you doing to advocate that this be stamped out, because your name is at risk as well here? I have got another question after that on this.

**Andrew PATERSON:** Sure. Look, there have been a series of rolling reforms over probably half a decade now where we have worked very closely with the Commonwealth government to identify loopholes and to stamp them out through regulatory reform and to try to do that in a way that does not excessively disadvantage or burden those doing the right thing. If I can speak specifically to a recent reform on what was called the centralised collection of gap fees, for example, where previous practice had seen educators collect gap fees themselves, that has been brought centrally into the responsibilities of the family day care service, removing what was one of the remaining potential loopholes for fraud in the model. We are currently doing some work with the Commonwealth government trialling what is called a digital-verification-of-attendance system. It is a

technological system that can digitally verify that this person was in this place at this time and dropped that child off – and picked them up obviously. So yes, there is a lot of work being done in that space.

**Melina BATH:** Okay. This topic probably requires longer than 2 minutes, but if you have got more information on that digital attendance, if there is something there, can I ask that as a question on notice? Could you provide that to the committee, because that is interesting? Really, where there is reporting, the government – all government – and the sector want to clean it up and eliminate that, so anything on that of interest would be really good. I am interested to know – again, this is about welfare and child care – does family day care have CCTV? Are there any requirements? Because these are often in home-based situations, what is to stop somebody – we will say an unsavoury person, potentially even a perpetrator – coming into that home setting and tampering with children?

**Andrew PATERSON:** No, the CCTV trial that is currently underway does not include family day care, and I stand by that decision, given that it is somebody's home. I think the risks that sit on the opposite side of the ledger perhaps outweigh the benefits. There are really strict requirements around visitors to the home and family members, in terms of the checks and balances that are required. There are particularly requirements around people coming and going and having access to children in a family day care home, around supervision. So whilst I would never go so far as to say that that is impossible, there are certainly provisions in place to protect children and minimise the risk of harm.

**Melina BATH:** Yes. Thank you. I appreciate that, for example, in Gippsland I know it fulfils a very important role. My understanding is that often those not-for-profit education charities, I will say UnitingCare, the Uniting charity, run those. I know my time is up, but I have one final question. Are there spot checks? What does that sort of regulation look like, because we have heard that the regulator will do spot checks? Can a provider expect spot checks, unannounced?

**Andrew PATERSON:** Definitely. The reg authority will conduct spot checks both of the family day care service, the head office, if you like, and the residence of educators. That is normal practice. And services themselves do scheduled and unscheduled visits to their educators also.

**Melina BATH:** Thank you.

**The CHAIR:** Thank you, Ms Ermacora.

**Jacinta ERMACORA:** Thank you very much. Thanks for coming along. I just want to clarify a figure that you provided: 106 services in Victoria. How many families would each service have?

**Andrew PATERSON:** Michael, can you even just give us an estimation on that one?

**Michael FARRELL:** I think it is potentially a little bit difficult to make a generalisation around the number of families per service, but we certainly know the number of children and families in the state. For example, there are 21,300-odd children that are in family day care in Victoria and 14,200-odd families. The reason why it is difficult to potentially break that down by service is that some services may have five or less educators and others may have up to and slightly beyond 100 educators.

**Jacinta ERMACORA:** Thank you. That is helpful. I missed the 21,300 figure earlier. Who runs them? I know councils used to run family day care services. Do councils still do that in Victoria, or is it some other entity that runs them?

**Andrew PATERSON:** There are three primary models. There are still council-run services both in Victoria and nationally, although unfortunately, as I referenced, we are seeing less of them. We have what we would call community-based services, which are not-for-profit services, which may be part of a larger organisation like Uniting or a charity of some sort where it is an operational arm of a much bigger service. You have smaller committee-run not-for-profits, and then you have what we would call private or what may be called for-profit providers, so that is an individual who is running a business who gets approval through the state government to operate, gets their service approval, and then their childcare subsidy approval through the Commonwealth.

**Jacinta ERMACORA:** And they enlist families themselves?

**Andrew PATERSON:** Correct. Yes. They contract their educators, and between the educators and services, families and children are engaged.

**Jacinta ERMACORA:** Thank you. It is a long while since I have been in that space too, like Ms Bath. In your submission you discussed the higher representation of family day care with breaches, adding some context in comparing the long day care setting, that it is not apples for apples. I kind of hear what you are saying there. However, some of the results are still high. One of the data points was in 2023–24, where 45 per cent of family day care services had one or more breaches. Is that accurate, or how do you see that? And do you think enough has been done to ensure child safety in family day care environments?

**Andrew PATERSON:** Michael, could you talk to the data initially perhaps?

**Michael FARRELL:** I think – and we could probably provide it – again ACECQA’s annual performance report 2025 makes some quite nuanced observations around how we should consider breach data specifically, in the sense that a breach of a specific regulation could be something like not having what is required to be displayed at your front door up to date, for example. If, for example, it was the responsibility of an approved provider to ensure that each educator that is registered has that up to date, then that specific breach might multiply out across that individual service. So again, looking at the data in a nuanced way around what specific breach areas is important, and the data around serious incidents I think is also something that speaks very directly to child safety.

**Andrew PATERSON:** In further response to your question around whether enough is being done, I reiterate that I think ongoing improvement is part of what we do. It is a foundational principle of the early childhood education and care space. We have been an active participant both at state and territory and Commonwealth government level in informing reform, and as much as it is coming thick and fast and it is hard to keep up with, I do not think anybody disagrees with the fact that if we can do more to keep children safe then we should be doing that. As peaks I think we have an important role in informing that.

**Jacinta ERMACORA:** I guess it strikes a balance between being supportive and being compliance-orientated.

**Andrew PATERSON:** Yes, for sure. Definitely.

**Jacinta ERMACORA:** In the governance space there is a saying that culture is what happens behind closed doors. I think never would that be more relevant than to family day care, because it happens in people’s private homes. Do you see that there is perhaps a conflict or a tension between a provider’s or an educator’s right to privacy in their own home versus the child’s right to being safe?

**Andrew PATERSON:** That is a really good question. It is this issue of balance – where do you go beyond what is in the interests of the child and reasonable and practicable, and what is just an intrusion on somebody’s personal space? These are really active, live conversations that are constantly evolving. If we look at current thinking and discussions around what is classified as the premises and what parts of the premises are for the purposes of family day care and what are not, that is a landscape that is evolving and is quite dynamic at the moment. For example, it may have been the case previously that certain parts of the home were not for family day care and as such authorised officers and regulators would not generally have access to those parts of the property. I guess the flip side to that argument is that if there was something untoward going on in that part of the property that would impact child safety, then regulators should know about it. These evolving and emerging discussions are part of the current discussions and reforms around regulations in the family day care context.

**Jacinta ERMACORA:** Thank you very much. I think our time is up for this session, so I will finish there. Thanks, Chair.

**The CHAIR:** Thank you. Thank you very much, Mr Paterson and Mr Farrell, for your contribution to the committee this afternoon. You will receive a copy of the transcript for review in about a week before it is published on the website. I do note that there are some questions on notice from my colleague Ms Bath for you to come back to the committee with, please. We are now going to take a short break and come back at about 2:01 for our next witness.

**Witnesses withdrew.**