



FDC in crisis?

Thanks to some heavy-handed media coverage and massive government budget cuts, family day care is facing a crisis, leaving quality services to pay the price for government inaction over unscrupulous operators. By **Lisa Bryant**

Commonwealth Budget Night 2014 will remain memorable for many people and organisations, for many reasons. The Budget, the Abbott Government's first, brought in more cuts to government services and programs than any budget in recent history.

The announcement that Community Support Programme (CSP) operational funding was to be withdrawn from most family day care services was couched to make it seem like an eminently reasonable decision. As the **education.gov.au** website describes it: 'From 1 July 2015, all Family Day Care services applying for support from the CSP will be assessed under similar eligibility criteria to those which apply to other care types ... A \$250,000 cap per financial year on the Operational Support payments that a Family Day Care service can receive from the CSP will also be introduced.'

What this means in reality is that

no family day care scheme based in a metropolitan area will be eligible for funding from July this year, with services in rural and remote areas only eligible for 12 months funding if they can prove there is childcare demand in their area and they are the only family day care scheme in their area. The maximum funding any service can receive will be \$250,000. The Government states that the changes would 'bring the support offered to the Family Day Care sector into line with other childcare service types and to better manage the programme within its budget allocation.'

Vital support

Essentially, operational support funding for family day care is the funding granted to what used to be called 'FDC Co-ordination Units', now simply called 'FDC Providers', to allow them to support and monitor groups of educators.

Family day care services cannot operate without providing this vital support, monitoring and training for

educators. It is essential to the quality of care children within family day care schemes receive. And it is what makes the family day care scheme different and more easily regulated than individual nannies working independently.

Despite family day care services researching possible options, where they go now comes to one of two outcomes: either the money is recouped through additional levies or fees charged by schemes to educators and families, or the services provided by the co-ordination units are cut. This will impact on the level of quality and support provided as required under the NQF. To give you an idea of the size of the cuts, one family day care scheme in NSW with hundreds of educators looks likely to lose up to \$800,000 per year.

But why?

So why was the funding capped and cut? How is it connected to media coverage, why are there racist overtones, and why

are governments guilty of doing too little, too late?

According to the Department of Education and Training, the funding changes were implemented because 'the Community Support Programme is a capped funding programme. Over the past three years the programme has over-spent by around \$200 million and had to be topped up, including an extra \$92 million in 2014–15. Despite this, unprecedented growth in claims will see the CSP surpass its budget even further this year. In particular, one-third of family day care claimants are currently on track to at least double their CSP Operational Support payments this financial year'. The Department's website then goes on to say: 'There are many dedicated people working in Family Day Care, but it is also true that much of this over-spend has been driven by non-compliance by Family Day Care services, with almost 50 per cent of FDC services now identified to be at high risk of non-compliance.'

Many long-term family day care services in NSW would probably exclaim at this point, 'You don't say?' They have been reporting the actions of non-compliant services to both NSW (Department of Education and Communities) and Australian government departments responsible for childcare for a number of years. And they have been getting more and more frustrated that no action has been taken. They would also question whether the 50 per cent of services determined at risk of non-compliance relates to newly established services.

In 2006, there were 109 family day care services in NSW. All were not-for-profit and most had been operating for many years. By 2015, this number grew to more than 250 services, with only around 90 or so not-for-profit.

Why the growth? Surprisingly, it's not because of a shortage of childcare places. Instead, it's due to the increased attractiveness of the sector to for-profit providers, thanks to three separate but linked decisions by successive governments.

The first was the removal of service geographical boundaries. Previously, family day care services had to be based around a common geographical location. When boundaries were uncapped, a family day care provider could have educators based in widely disparate areas, even other states. This caused a few changes, small family day care schemes



folded, some absorbed into larger ones.

Educators who did not embrace all of the NQF requirements and level of quality control measures put in place by experienced long-term co-ordination units, saw an opportunity to set up their own schemes. In some cases, these services reviewed long standing ways of operating. Previous unannounced visits to educators now became 'Skype' or telephone visits, safety audits were conducted via post or email, without co-ordinators actually visiting and assessing the environments. These services could then charge minimal service levies because they did not need to employ as many staff. Lower levies and compliance requirements attracted more educators to these new schemes. Groups united by factors other than geography (such as shared cultural backgrounds) could also set up services.

The second issue was the uncapping of family day care places. Whereas services previously had to bid for new places, suddenly there was no limit to the number of licenced places that a family day care service could have.

The third issue was the establishment of start-up grants for services (\$15,000 per service) and for educators (\$1,500 per educator), as well as allowing providers to decide about eligibility for Special Child Care Benefit.

After these changes were implemented, it appeared that some operators were establishing services designed to claim as much start-up money as possible and as much Child Care Benefit as possible, with some doubt as to whether care was actually being

provided or, if it was, whether it was being done totally by the book. Stories circulated of services simultaneously setting up their own Registered Training Organisations to provide qualifications to educators with low literacy levels in English. Services where the Regulations were met on paper but maybe not in practice. Services where educators were signed up, start-up grants were claimed on their behalf but the money never made it to the educators. Services where the lack of boundaries meant that one service may have educators in multiple states, receiving little monitoring from the service. Services with few co-ordinators supervising multiple educators, often with limited experiences and knowledge in areas such as worker's health and safety, insurance and mentoring.

Now this is where the story becomes harder to explain without delving into issues of race. A large number of family day care services were set up by refugees from war-torn communities, such as Somalia, Sudan and Sierra Leone.

Refugee advocacy groups reportedly questioned established family day care services about some concerning aspects about these new services: was this the way family day care services were usually run?

Similarly, established services reported hearing about services that would only have educators who had children of their own, where parents paid no fees, where Child Care Benefit was 'maxed out' by children for 50 hours a week over three days, where educators were employed for less than \$300 per week and where

the scheme was making a lot of money. At one stage, there were reports that every woman of childbearing age from a particular cultural group in a NSW country town was a family day care educator. And there were concerns that the male-dominated services employing these women were bullying them if they tried to withdraw from the service.

Again, established services raised concerns to the relevant government departments, requesting a hold on licencing new services until these rumours could be investigated. Report after report was made to the Australian Government. The wheels of bureaucracy moved slowly, however, and it was some years after these initial reports were raised before compliance measures were implemented.

By then, the budget blowouts were so extreme that a political decision was made, beyond the responsible Minister's purview, to substantially cut eligibility for funding for family day care services. Those 109 family day care services in NSW that had been operating since the establishment of the program, were now going to be affected by those services that bureaucrats in both state and federal departments privately refer to as the 'dodgy ones'.

By the end of 2014, the (then) Assistant Minister for Education, Ms Sussan Ley, released stories to the media about fines levied on services she openly called 'dodgy'. She said the 'Abbott Government's new Child Care Compliance Taskforce had taken action against 24 services since July, ranging

from suspensions and restrictions to the issuing of 256 fines totalling \$1.74 million.'

She also said: 'Family day care made up over 90 per cent of offenders, with action taken against 22 FDC co-ordination services, representing a network of over 1,500 individual home educators.'

Ms Ley said the Taskforce had 'used its intelligence network to seek out non-compliant services through a combination of targeted investigations into suspicious claims, random checks, forensic data analysis and better education'.

The Minister spoke specifically of 13 family day care services that were found to have 'upwards of 500 more individual educators on their books than legally permitted between them—raising questions about the safety of care provided and the validity of payments claimed'. New family day care-specific adjustments were made to the Regulations and Family Assistance Law to try and weed out the rorters.

This is when the media took interest. And where racism reared its head.

Media interest

A story run by *Today Tonight* in South Australia told the story of one family day care operator, Farah 4 Kidz, as told by a whistle-blower. Many of the practices reported in this story sound familiar and alarming: Certificate IIIs being issued by associated Registered Training Organisations to educators with minimal literacy in English. Substandard care practices. Children swapping. Maxing of Child Care Benefit.

When a current affairs show does a 'gotcha' exposé of rorting of government funding within the education and care sector—family day care specifically—one's instinct is to defend the sector. When the exposé comes complete with footage and questioning that borders on outright racist, this instinct is even stronger. But when the issues covered are the same issues that have been raised time and time again by the sector itself over the last few years, one has to watch and take notice.

Unfortunately, along with the story and the images came a good helping of reporting that seems to be, frankly, racist: a reporter speaking in single syllable, overly enunciated words to people he wished to interview; images of reporters being chased and attacked by those they sought to interview.*

However, it does seem like the rorting is linked to specific cultural communities.

And this is where it all becomes messy, leaving us with more questions than answers. Did the government open the capacity for rorting by uncapping boundaries, instituting set up grants and removal of service boundaries? Did they act too late on the reports of rorting? Was the system 'rorted' by specific cultural groups or is this a racist viewpoint? Are community based services being punished for the rorting of for-profit services? If this rorting really occurs on the scale being suggested, why have governments let it continue? And has the entire family day care sector paid a heavy price for government inaction?

There are more questions still to be answered. Will the dodgy services move on to another scam once the loopholes are closed in family day care? Will the other family day care services survive the loss of funding? How many providers will leave family day care after July this year because it will be impossible to sustain a high quality service without funding?

And the question family day care services most want to know: will the Abbott Government reverse the budget cuts to family day care services from the 2014 budget, as it has done with many of the other announced cuts? And if it intends to, could it please happen soon? ★

Lisa Bryant is an early childhood education and care consultant and advocate.

* See the full story at www.todaytonightadelaide.com.au/stories/farah-4-kidz

