

Navigating the path to universal ECEC

The role of Family Day Care
EXECUTIVE SUMMARY



Family
Day Care
Queensland

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Executive Summary

The Australian Government is currently developing reforms for the Early Childhood Education and Care sector, including Family Day Care and In Home Care, informed by recent inquiries by the Australian Competition and Consumer Commission (ACCC) and the Productivity Commission (PC). Family Day Care Queensland (FDCQ) welcomes the recommendations made by these inquiries and looks forward to working with governments and stakeholders to respond to the reform opportunities for the benefit of children and families.

The purpose of this document, *Navigating the Path to Universal ECEC – the role of Family Day Care*, is to ensure that the reforms are informed by the issues that matter to Family Day Care Queensland members, services, educators, and the families and children they serve, and advocate for reforms that support a growing, thriving and responsive family day care sector in Queensland.

This paper uses the evidence available from recent reports and submissions, along with the lived experience of Queensland family day care services and educators, organised around five priority areas to document the issues that matter, specifically in the Queensland context.

Responding to the reforms presents a critical opportunity to expand the reach of family day care in Queensland to support children to access high quality education and care. For this to happen, family day care needs to be recognised for the essential contribution it makes through equitable funding and policy settings and a regulatory regime that encourages quality, innovation, flexibility and simplifies the administrative burden of compliance.

Family day care plays an essential role in the lives of children and families every day in Queensland. It ensures that children from all backgrounds thrive by experiencing quality education and care and that parents can undertake paid work and other commitments confident in the knowledge that their children are safe, happy and learning.

It is a vital choice for parents who prefer home-based education and care, including those needing more flexible hours of care outside of normal business hours, such as health and emergency service workers, teachers and other essential workers.

In Queensland, around 15,500 children and around 10,500 families rely on a workforce of around 2,700 family day care educators and support staff to access early education and care. This represents around 5 per cent of the total number of children accessing early childhood education and care in Queensland. There are also many other families on wait lists to get access to family day care services.

There are a range of challenges facing the early childhood education and care sector in Australia. These have been documented in recent reports by the ACCC and the PC in some detail. Broadly the issues centre around accessibility, affordability, viability, and critical workforce shortages.

At the heart of reforms is responding to the PC's recommendation that by 2036, all Australian children aged between 0 and 5 should have access to 30 hours or three days per week of high-quality education and care. A significant expansion of early childhood education and care services will be required to meet this outcome.

Queensland faces several specific demographic challenges in delivering early childhood education and care (ECEC) services, in particular the decentralisation of Queensland's population with only 49 per cent living in the city compared with 68 per cent in other states.

For many of these families in regional and remote areas, family day care services can be their only access to ECEC.

The family day care sector also caters to a high number of children with culturally and linguistically diverse backgrounds. These families prefer family day care because it supports their children to remain connected to their culture and language.

The evidence shows that the family day care model prioritises the unique and individual needs of children and is responsive to the circumstances of families by offering more flexible hours and the bulk of care outside of standard hours.

The greater flexibility of the family day care model makes it more affordable for families and more efficient for taxpayers by ensuring the hours of subsidised care more closely mirror families' needs. Family day care delivers high quality education and care for families unable to access other forms of ECEC ensuring parents can participate in paid work and helping these communities to retain essential workers.

Despite the strengths of the family day model, family day care educators earn, on average, less than educators in long daycare centres despite having on average, higher qualifications and working longer hours. Queensland family day care educators are mostly sole trader small businesses who shoulder added compliance and administrative burdens. They also need to manage the requirement to provide the facility, usually their home, which requires considerable set up costs and ongoing maintenance and insurance.

The education and care of children attending family day care services attracts less funding than other services and governments are trading upon the dedication of family day care educators to ensure these children can access services.

The family day care sector has faced an inhospitable policy, regulatory and funding environment for many years, and this has eroded the viability of services making their quality assurance and support roles more difficult and the recruitment of educators challenging.

The current arrangements can foster contrary outcomes for quality as family day care providers compete for educators by reducing levies. Ongoing viability stress can lead to educators shifting to family day care services with lower levies and less stringent quality assurance requirements, making it challenging for quality family day care services to survive.

Many government strategies and initiatives do not accommodate the family day care model resulting in important benefits not reaching services and educators. It can be challenging for family day care advocacy bodies to engage with government agencies as they lack the resources to quickly marshal the evidence and influence funding, policy and regulatory design.

It is time to reset this relationship and responding to the recommendations presents an opportunity to support the sector to meaningfully engage in a genuine co-design process.

This paper has been prepared by FDCQ to document the issues from a Queensland perspective, give voice to our members' needs and showcase the important contribution made by the sector. It is a critical time for the sector and urgent action is needed if it is to survive and play a role in delivering the reform objectives.

FDCQ strongly supports the advocacy work of Family Day Care Australia (FDCA) in relation to issues of national significance, including repeated calls for immediate action to be taken in relation to the funding disparity between family day care and centre-based care to arrest the alarming decline in viability of the family day care sector. In addition to supporting the recommendations put forward by the FDCA in its submission to government, this paper

highlights the issues that disproportionately affect Queensland and makes additional recommendations for reform.

In recognition of the significance of the reforms, both the PC and the ACCC recognise that appropriate sequencing of the reforms will be critical to their success and suggest that the reforms be staged. FDCQ supports this approach and strongly recommends that:

- immediate action is taken to improve the funding to the family day care sector, services and educators to address the critical viability issues confronting the sector
- a dedicated advisory body comprising sector and provider representatives from the family day care and in home care sectors is established to co-design future reforms.

This paper puts forward five priority areas and 16 recommendations for the consideration of the Australian Government in shaping its response to the recommendations for reform. For each area, this paper documents the evidence, including Queensland data where available, of the strengths and challenges faced by the family day care sector and makes recommendations.

Queensland case studies have been used to showcase innovation and provide a first-hand account of the family day care sector, highlighting the critical role it plays in early childhood education and care.

FDCQ'S Five Priority Areas for Reform

1. Viability and workforce

FDCQ position

Families should not be penalised for exercising their right to choose family day care for their children. A thriving family day care sector ensures parents and caregivers have the opportunity to exercise this choice.

The viability of the family day care sector must be urgently addressed if the sector is to survive. The Child Care Subsidy (CCS) daily cap should recognise the true cost of family day care provision, including a fair return to educators.

New ways of supporting the development and growth of the family day care workforce must occur including supporting traineeships to be completed in family day care settings.

Immediate action is required to arrest this decline in the number of family day care educators and support the Australian Government's goal to expand access for children and their families to early childhood education and care. FDCQ strongly supports the advocacy of the FDCA in calling for urgent funding reforms to address the disparity between family day care and centre-based care services and its support for new training pathways that enable the family day care workforce to develop and grow.

FDCQ recommendations

Recommendation 1.1

The Australian Government should:

- immediately raise the hourly Child Care Subsidy cap rate for family day care (to be at a minimum) in line with the calculation afforded to centre-based care services to arrest the alarming decline in the viability of the family day care sector, and
- establish a mechanism to boost remuneration for family day care educators and approved service staff by an equivalent amount to the "Worker Retention Payment" wage increase for centre based day care (CBDC) and outside school hours care (OSHC) services.

Recommendation 1.2

The Australian Government should review the current CCS cap rate formulae for family day care so that it more accurately reflects the cost of providing family day care and the formulae should be made transparent.

Recommendation 1.3

The Australian Government should commit to reviewing the CCS cap rate every three years and the cap rate should be indexed each year between the reviews so that it retains its real value.

Recommendation 1.4

The Australian Government should establish a cross-agency project to develop a model for traineeships to be undertaken in family day care settings and develop other strategies to grow the sector workforce.

2. Affordability and accessibility

FDCQ position

Many children, particularly those from low-income, regional and remote and Culturally and Linguistically Diverse (CALD) families, do not have access to education and care.

Family day care services should be encouraged to expand so that families on waiting lists can access education and care for their children. FDCQ strongly supports the FDCA position that direct funding support is provided for new family day care educators and that new ways of incentivising delivery of family day care services in thin markets are trialled.

FDCQ recommendations

Recommendation 2.1

The Australian Government should introduce a direct funding support program (an “Educator Start-up Grant”) for new family day care educators to assist in overcoming some of the financial barriers to entry into the sector in establishing their micro-business.

Recommendation 2.2

The Australian Government should work with the family day care sector to trial projects to incentivise family day care service growth in unserved and under-served markets, including through targeted supply-side funding.

3. Choice and inclusion

FDCQ position

Parents and caregivers have the primary responsibility for the upbringing and development of the child. Fundamental to this responsibility is the right to choose the type of education and care their child receives. Family day care educators struggle to access support to include children with additional needs.

Family day care services and educators need better support to include children with additional needs. FDCQ strongly supports the FDCA position that more effective support measures be developed for the family day care sector to improve its inclusion of children with additional needs.

FDCQ recommendation

Recommendation 3.1

The Australian Government should remove barriers for family day care services and educators to access Inclusion Support Program and Inclusion Support Fund.

4. 4. Flexibility and innovation

FDCQ position

Family day care educators should be supported and appropriately remunerated for offering education and care outside of standard hours.

Government agencies should support the sector's expansion through innovative delivery approaches, given the flexible service model's economic efficiency and the critical role this flexibility plays in supporting workforce participation and the viability of regional and remote communities. FDCQ strongly supports the FDCA call for additional funding to be provided for nonstandard hours of care and the development of a pilot program of two-family day care services being run in a single venue.

FDCQ recommendations

Recommendation 4.1

The Australian Government should apply an additional loading of 20 per cent to the recalculated CCS fee cap for nonstandard hours care to adequately reflect the cost of this type of care.

Recommendation 4.2

The Australian Government should work with the family day care sector to pilot a program of two-family day care services to be run in a single venue.

5. Quality and equity

FDCQ position

A strengths-based approach should be applied to working with the family day care sector to expand provision by co-designing future funding, policy and regulatory settings.

The remarkable improvement in the quality of family day care should be acknowledged and the capability and skills of educators rewarded. The funding, policy and regulatory settings should be refocused to current and emerging risk and services adequately funded to undertake their quality assurance and support roles.

Governments should ensure they are applying best practice principles to their regulatory task by ensuring regulatory activities are evidence-based, proportionate, even-handed and informed by current risk. Stronger consideration should be given to practical supports to improve service quality and safeguard the integrity of the payment system.

The family day care sector should be promoted for its excellence in service provision and as a rewarding career option, especially for those educators seeking to move from centre-based care settings.

FDCQ strongly supports the FDCA calls for the introduction of a direct funding support program for approved family day care services to attract and train new educators, the promotion of family day care to assist in the recruitment of educators, the improvement of the information available to families about family day care on the StartingBlocks website, and better support for technological solutions to reduce the administrative burden on educators.

FDCQ recommendations

Recommendation 5.1

The Australian Government should immediately establish the Home Based Care Advisory Group comprising peak associations and providers of family day care and in home care services to support genuine engagement, improved communication and facilitate the co-design of future reforms.

Recommendation 5.2

The Australian Government, in conjunction with state and territory regulatory agencies, should review the regulatory settings to ensure they comply with its Regulatory Policy, Practice & Performance Framework¹, with particular attention to the following principles.

- Regulation must be targeted, risk-based and proportionate.
- Regulation should put people and business at the centre through user-centred design and delivery.
- Regulation is most effective when it is data-driven and based on available evidence, and when its effectiveness and impact on business and the community is well understood.
- Regulation should reflect the realities of the digital era and take full advantage of digital and technology capabilities and practices, while also ensuring equitable access to regulatory systems, including for those with low digital connectivity and literacy.

Recommendation 5.3

The Australian Government should develop a direct funding support program (an “Approved Service Engagement Payment”) for family day care approved services to assist in the recruitment, induction and training of new family day care educators.

Recommendation 5.4

The proposed Early Childhood Education and Care Commission should have a dedicated work stream headed by a Senior Executive focussed on the family day care and in home care sectors with the responsibility to ensure funding, policy and regulatory settings are informed by evidence and an understanding of the family day care, in home care and small business sectors.

Recommendation 5.5

The Australian Government should review StartingBlocks.gov.au to improve the level of information about the availability of family day care educators in local communities and the benefits of family day care services in terms of affordability, flexibility and inclusion.

Recommendation 5.6

The Australian Government should promote the value of early childhood education and care including the family day care sector to attract new educators and improve the retention of existing educators in the sector by promoting the benefits of working as a small business owner providing high quality services to children.

¹ [Regulatory Policy, Practice & Performance Framework \(regulatoryreform.gov.au\)](https://www.regulatoryreform.gov.au/), page 7

Recommendation 5.7

The Australian Government should make additional funding available for IT infrastructure to reduce the administrative burden of compliance and support improved training and professional development.

Family Day Care Queensland

FDCQ is the peak body representing and supporting the family day care and in home care sectors in Queensland.

Our purpose is to lead, promote and grow home-based quality family day care and in home care services.

We are a nonprofit, for-purpose organisation, registered charity, member-based association, and a company by limited guarantee governed by a skills-based Board.

Founded in Queensland 40 years ago, we operate statewide services in multiple jurisdictions and provide services nationally via our online platforms supported by a team of 250 early childhood professionals and support staff.



Queensland's peak body advocating for and representing Family Day Care. Provision of information, advice, support, advice, events and networking opportunities for Family Day Care service, educators and families.



Provides FDC specific training and professional development for FDC & IHC educators and services through a range of online learning modules (some mandatory) and face-to-face training. Online learning is hosted through the online community of practice platform



Providing children & families access to exceptional family day care across metropolitan, regional and rural Queensland. We are one of Australia's largest non-profit family day care services.



Providing flexible early childhood education and care in the family's own home. For eligible families who are unable to access other approved early education and care. Historically, provided in regional, rural and remote locations in Central Queensland, the service now caters for families across any location in Queensland.



The In Home Care Support Agency supports families to access in home (IHC) care by assessing their eligibility, connecting them with In Home Care services and providing referrals to other ECEC and support services. We operate the Support Agencies in Queensland and Victoria.



FDCQ is a member of Family Day Care Australia (FDCA) and Early Childhood Australia (ECA) and works collaboratively with these organisations, government agencies and other stakeholders to advocate for the sector.