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Child care in Australia: a quick guide

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This Quick Guide provides an overview of Australia's formal child care system—that is, regulated child care away from the child's home. The Guide outlines key features of the regulatory framework, approval requirements for a service and describes the funding role of the Australian Government. It includes statistics relevant to the types, usage and costs of formal child care, as well as quality standards.

Introduction

The Australian Bureau of Statistics estimates that, at 30 June 2014, there were [3.8 million children aged 0–12](#) years in Australia. Nearly one-quarter of these children (919,400) usually attended formal child care, with the early childhood education and care (ECEC) sector providing families with the following [choice of services](#):

- Long Day Care (LDC)—a centre-based form of ECEC that caters for children aged 0–6 years
- Family Day Care (FDC)—a flexible form of ECEC (all-day, part-time, casual, overnight, before/after school and school holiday care) that is provided in the private home of carers (who are now referred to in the ECEC sector as educators)
- In-Home Care (IHC)—a flexible form of ECEC (all-day, part-time, casual, overnight, before/after school and school holiday care) provided to eligible children by an educator in the family home
- Outside School Hours Care (OSHC)—a centre-based form of ECEC for primary school aged children (6–12 years) and available before and after school (7.30am–9.00am, 3.00pm–6.00pm), during school holidays and on pupil-free days and
- Occasional Care—a flexible form of centre-based ECEC that can be accessed on a regular basis (like LDC) or as the need arises—for example, when parents have irregular or unpredictable work hours

For children aged 0–6 years, the main source of [formal child care in 2011](#) was LDC, with 45 per cent of children aged 2–3 years accessing this type of service. For school-aged children, OSHC was the main source of formal care, with 13 per cent to 17 per cent of children aged 5–9 years accessing care before and after school.

The [National Quality Framework Quarterly Snapshot Q1 2015](#) reports that, at 31 March 2015, there were 14,827 approved ECEC services operating throughout Australia of which 13,908 were centre-based services (including LDC and OSHC services) and 919 were FDC services. Approved services are those which meet eligibility requirements for the purposes of the Australian Government's Child Care Benefit payment (see below). Most LDC, FDC and OSHC services operate under the National Quality Framework (NQF).

National Quality Framework

In July 2009, the Council of Australian Governments endorsed [Investing in the Early Years—A National Early Childhood Development Strategy](#). The strategy aims to ensure that 'by 2020 all children have the best start in life

to create a better future for themselves, and for the nation'. To achieve this vision, federal, state and territory governments committed to a suite of interrelated national partnerships and national initiatives.

The [National Partnership Agreement on the National Quality Agenda for ECEC](#) (NQAECE) was the first major tranche of reform. It established an integrated and unified national system for ECEC and OSHC, which is jointly governed and which drives continuous improvement in the quality of services—the NQF.

Key features of the NQF

The key features of the NQF are:

- the [Australian Children's Education and Care Quality Authority](#) (ACECQA), a national body, with federal, state and territory governance arrangements, that is responsible for guiding the implementation and management of the national system
- the [National Quality Standard](#) (NQS), a national benchmark for the provision of quality services across seven areas, including an approved learning framework that guides the development of quality early childhood programs (for example, [Belonging, Being and Becoming: The Early Years Learning Framework for Australia](#))
- a national quality rating system that combines the seven quality areas with a [five-point rating scale](#), to describe the quality of care in individual services across Australia and
- the [Education and Care Services National Law](#) (National Law) and the [Education and Care Services National Regulations](#) (Regulations), a national system for the regulation and enforcement of the NQS, which is legislated in each jurisdiction and administered by state and territory [regulatory authorities](#) (such as Victoria's Department of Education and Training) under the guidance of ACECQA.

National Quality Standard

The NQS combines process and structural components of quality. The process components include the assessment and rating system. The structural components include matters such as educator-to-child ratios and educator qualifications.

Assessments and ratings

Regulatory authorities began assessing and rating services against the NQS in August 2012. ACECQA [reports](#) that, at 31 March 2015, 56 per cent of services have been quality rated. Services are rated for each of the seven quality areas—which include associated standards and elements—and are given an overall rating. Nationally, 66 per cent of the quality rated services were 'Meeting' or 'Exceeding' the NQS, and 33 services received the highest rating—'Excellent'—that can only be awarded on application to ACECQA after the regulatory authority has rated the service. Services are required to display their ratings which are also published in ACECQA's [national registers](#) and through the Australian Government's [MyChild](#) website (an online information portal).

Educator-to-child ratios

LDC and FDC services have mandatory minimum [educator-to-child ratios](#). For LDC services, the ratios are: 1:4 for children aged 0–24 months; 1:5 for children aged 24–36 months; and 1:11 for children aged 36 months to preschool age. There is no national ratio for children over preschool age, although some jurisdictions have specific requirements. The educator-to-child ratios were phased in from 1 January 2012, with all jurisdictions to be fully compliant on 1 January 2016. Those jurisdictions with existing lower ratios will retain those ratios. For FDC services, an educator cannot care for more than seven children at any one time and no more than four of these children can be preschool age or under.

Educator qualifications

LDC and FDC services also have [qualification requirements](#). For LDC services, the requirements are based on the number of children in care, with half the educators required to have, or be actively working toward, an approved diploma level ECEC qualification. All other educators, and FDC educators, must have, or be actively working toward, an approved certificate III level ECEC qualification. Early childhood teachers are required to attend LDCs for a set number of hours each day. Educators can [check online](#) how their qualifications will be regarded for the purposes of the NQS.

Early Years Workforce Strategy

The [Early Years Workforce Strategy](#) is a national initiative that aims to develop and support the ECEC workforce. An identified priority is to increase the qualification levels of educators. The Australian Government supports

certain ECEC teachers through [HECS-HELP Benefit](#) (a reduction in the compulsory repayment included in an income tax notice of assessment, to be discontinued from 1 July 2015) and ECEC educators through the [removal of regulated TAFE fees](#) for related advanced diploma and diploma courses. The [Long Day Care Professional Development Programme](#) provides funding to LDC services to assist with training and skills development. The [2013 National ECEC Workforce Census](#) found that, in 2013, 82 per cent of paid contact staff had an ECEC related qualification (16 per cent bachelor degree, 28.4 per cent advanced diploma/diploma, 36.2 per cent certificate III/IV, and 1.5 per cent below certificate III).

Operation of child care services

Approvals

A person or an entity operating a LDC, FDC or OSHC must hold a provider approval and a service approval issued by the regulatory authority. A service approval is granted subject to conditions—the service must, for example:

- ensure the safety, health and wellbeing of the children
- meet the educational and developmental needs of the children and
- comply with any conditions prescribed by the National Law or in the Regulations, or by the regulatory authority.

A service must also be approved under section 195 of the [A New Tax System \(Family Assistance\) \(Administration Act\) 1999](#) (Act) to receive Child Care Benefit (CCB) payments from the Australian Government (CCB approved service). CCB approval is also subject to conditions, including that the service comply with obligations set out in the Act, the [A New Tax System \(Family Assistance\) Act 1999](#) and various disallowable instruments (collectively, the family assistance law). The key conditions relate to compliance with applicable federal, state and territory laws (such as the National Law), the retention and reporting of information, and fee charges. CCB approved services might also have obligations under individually negotiated funding agreements.

Enrolments

Child care services must be open to the general community, although services can cater to specific groups. Extra support is available from the Australian Government to support the inclusion of children with additional needs. If a service has no vacancies it may use a waiting list to help determine the next placement. Where demand for placements exceeds supply, most CCB approved child care services must allocate places in accordance with the [Priority of Access Guidelines](#). These guidelines set out three levels of priority:

- first, a child at risk of serious abuse or neglect
- second, a child whose parent, or parents, satisfies the work/training/study test set out in the Act and
- third, any other child

within each category within which there is further prioritisation. In some circumstances, a child who is enrolled at a child care service could be required to surrender their placement.

Child care funding

Australian, state and territory governments share responsibility for ECEC funding. According to the [Report on Government Services 2015](#) (ROGS), in 2013–14, total government expenditure was an estimated \$7.7 billion—an increase of 12.5 per cent in real terms from 2012–13—of which \$6.2 billion (80.9 per cent) was contributed by the Australian Government. The Australian Government's key child care responsibilities are fiscal and include:

- financial assistance to eligible families to help with the costs of child care
- operational and capital funding to certain child care providers, and to support the provision of quality care and
- funding for state and territory governments through national partnership agreements.

State and territory governments' child care responsibilities vary but can include, for example:

- providing a legislative framework for the registration, licencing and approval of ECEC services that operate within the NQF
- licencing, approval, monitoring and quality assessment of services in accordance with the NQF and any other requirement specific to the jurisdiction

- providing operational and capital funding to non-government service providers
- delivery of services
- providing information, support, training and development opportunities for providers and
- providing curriculum and policy support and advice, as well as training and development for management and staff.

Fee subsidies

The Productivity Commission (PC) has [reported](#) recently that child care fee assistance represents the bulk of Australian Government funding for ECEC (about 87 per cent in 2014–15). There are three types of payment for which families can apply through the [Department of Human Services](#) (Centrelink):

- the means tested [Child Care Benefit](#)
- the non-means tested [Child Care Rebate](#) and
- [Jobs, Education and Training Child Care Fee Assistance](#).

Child care services report weekly attendance for each child in care and that information, together with family eligibility information, is used to calculate any fee assistance. The Department of Social Services can pay any fee assistance to services directly (and the fees charged to families are reduced accordingly) or families may elect to receive the payments direct to their own bank account.

Out-of-pocket costs for families vary according to many factors—for example, the type of care used, the number of children in care and family income—but the PC [reports](#) that, for 95 per cent of children in care, the Australian Government subsidises at least 50 per cent of fees. In 2014, the [median weekly cost](#) for 50 hours of care in a CCB approved service was \$385 for LDC and \$375 for FDC (ROGS, p. 3.45). The [2015–16 Budget](#) anticipates that the Australian Government will spend \$7.27 billion in fee subsidies in 2015–16 and \$7.97 billion in 2016–17.

Provider and quality support

The Australian Government also administers the [Child Care Services Support Programme](#) (CCSSP) that contains a number of components, including:

- the [Community Support Programme](#) for the establishment or maintenance of child care services in areas where the services might not otherwise be viable or able to meet the unique requirements of the community (such as disadvantaged, regional and remote areas)
- the [Budget Based Funded Programme](#) which contributes toward the operational costs of a limited number (310) of child care services in approved locations (mostly regional, remote and Indigenous communities) and
- the [Inclusion and Professional Support Program](#) that provides professional development, advice, access to additional resources, and inclusion support for childcare services and carers.

The CCSSP also encompasses the triennial [Australian Early Development Census](#), which measures children’s development upon school commencement, the [Home Interaction Program for Parents and Youngsters](#) (HIPPY), a two year home-based parenting and early childhood program, and the [Child Care Payments Compliance program](#) that protects the integrity of child care payments and promotes compliance with the family assistance law. In total, the CCSSP has been allocated \$341.6 million in funding for 2015–16.

National partnership agreements

The two key national partnership agreements are the NQAECEC (discussed earlier) and the [National Partnership Agreement on Universal Access to Early Childhood Education](#) (UAECE). The Australian Government has committed \$61 million to support the NQAECEC to 30 June 2018 and \$843 million to support the UAECE in 2016 and 2017. Funding has also been provided to support the [National Occasional Care Programme](#) (\$12.6 million, 2014–18) and the [Early Learning Languages Australia](#) trial (\$9.8 million, 2015).

The UAECE aims to improve early childhood outcomes through provision of universal access to a preschool program in the year before full-time school, with a focus on improving the participation of vulnerable and disadvantaged children. The program is to be delivered by a degree qualified early childhood teacher for 600 hours a year, per child. ROGS states that, in 2013, 41.5 per cent of children aged 4–5 years were enrolled in a preschool program delivered in a LDC service. Over 30 per cent of these children were enrolled and attended for more than 15 hours each week.

For more information on the UAECE, see M Harrington, '[Universal access to early childhood education: a quick guide](#)' and the [Department of Education](#) website.

Additional resources

- The [Department of Social Services](#) is responsible for child care policies and programs, and co-ordination of early childhood development policy.
- The [Ministerial Advisory Council for Child Care and Early Learning](#) provides a forum for the consideration of ECEC strategic policies and for consultation with the child care sector. The Stakeholder Reference Group for Child Care and Early Learning provides input on the practical implications of policies and programs.
- The Productivity Commission's annual [ROGS](#) provides an overview of ECEC in Australia, key statistics and funding information.
- ACECQA's quarterly [NQF Snapshot](#) provides information and analysis on the ECEC sector, and an update on child care services' assessments, ratings and waivers.
- The Australian Bureau of Statistics manages the [National Early Childhood Education and Care Collection](#), which provides nationally comparable ECEC data, and the triennial [Childhood Education and Care Survey](#) that provides a range of information such as usual care arrangements and child care costs.

Future developments

In 2013–14, the Productivity Commission conducted an inquiry into Childcare and Early Childhood Learning, with the [final report](#) released on 20 February 2015. In the 2015–16 Budget, the Australian Government delivered its response via a [Families Package](#), which outlines major funding reforms for child care in Australia. Legislation will be necessary to implement the reform, which includes:

- replacement of the three family payments with a single means tested Child Care Subsidy and
- establishment of a non-mainstream Child Care Safety Net for disadvantaged and vulnerable children.

Other major reviews that could affect child care policies and programs include the [2014–15 Review of the National Partnership Agreement on the NQAECEC](#) and the [White Paper on the Reform of the Federation](#).

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