



Financial Integrity Governance Board - Directions Paper

This paper seeks the Board's decision on a nominated financial integrity matter, and is generally prepared following the Board's agreement to consider the nominated matter.

Summary of Matter

Item	Description
Date	17 July 2023
Matter name	Family Day Care (FDC) Capability Trial
Matter Reference Number	#2023.6
Purpose	The purpose of this paper is to bring to the Board's attention and seek the Board's decision on progressing the Family Day Care (FDC Capability Trial).
Decision type	Project-specific FDC Capability Trial
Key points	<p>The department is looking to engage with a suitable supplier with a national presence to support the development and implementation of a family day care (FDC) capability trial (the FDC trial).</p> <p>The FDC trial will use around \$750,000 in funding allocated to ECEC sector capacity building and engagement under the CCS Reform Integrity Package announced in the October 2022-23 Budget.</p> <p>The trial will provide:</p> <ul style="list-style-type: none"> • Enhanced payment integrity capability building support for FDC Sector. • Targeted support to approved FDC providers, services and educators to increase understanding of the Child Care Subsidy (CCS) administration and Family Assistance Law (FAL) obligations. • Targeted compliance messages from the department to the FDC sector on the current compliance issues including risks. This will ensure consistent messages have impact on the learnings of the FDC sector. • Support an increased FDC presence in areas of need and limited supply, providing quality care that is flexible and affordable.

	<ul style="list-style-type: none"> • Support for new educators to provide quality, flexible care in areas of need and limited supply. • Explore and present alternative models in the FDC sector, including options such as multi care type arrangements, corporate partnerships and place-based solutions. <p>The FDC trial will complement other initiatives in place such the Limited supply grant for Centre Based Day Care (CBDC) and FDC in identified areas of limited supply, the professional development subsidy, workforce measure and employment programs.</p> <p>If the Financial Integrity Governance Board endorses the FDC trial to proceed, the Board will have high level oversight of the project's establishment and implementation. The ICE team and the Board Secretariat will work together to give the Board this oversight and seek Board decisions on any major changes to FDC trial milestones or deliverables.</p>
Matter owner	s 22
Relevant team(s)	Workforce Taskforce Branch Early Learning Programs and Youth, Child Care Access and Inclusion Branch Strategic Data and Management, Measurement, Assessment and Design
Integrity Risk Category	Medium
Sensitivities	ANAO focus on tenders and procurements will need to be considered in the process of engaging a supplier to deliver the FDC trial.
Recommendations	That the Board: 1. Agree to the Family Day Care Capability Trial

Additional information to inform the Board

Background

The CCS Reforms Integrity Package has a component for sector and community engagement. The aim of the FDC trial is to implement this component by partnering with a suitable supplier who will provide hands-on, practical community engagement and support to ECEC providers. This will increase the sector's understanding and acceptance of CCS changes and help them to improve their business practices while adapting to the changes, improve systems and governance standards.



Problem

This project has been evolving from not only sector capacity/capability building but also to be meeting ECEC supply needs in regional areas. There is a need for a balance between meeting a regional element versus a national element of capacity building in the whole sector.

The advantage of focusing on a small area of need and trialling new incentives, improved business practices, greater support and improved integrity is more measured and defined outcomes are more achievable. This is a shift from some of the details outlined in the initial integrity measure proposal however still will broadly meet the purpose of the integrity package by building capacity and capability in the FDC Sector.

Evidence

1. N/A

History

2. Family Day Care Australia (FDCA) have provided to the department a proposal for increasing supply in areas of need in particular rural and remote regions.
3. The FDC model is flexible and enables educators to provide quality ECEC to children in a home environment. FDC is the most used care type available nationally in regional areas.
4. This trial aims to investigate the potential of developing new ways of working that promotes integrity which in turn will increase investment in the FDC sector, to help meet the high demand for flexible ECEC.

Attachments



Program Logic – Family Day Care (FDC) Capability Trial

Problem statement: The FDC model has a number of benefits that are not being fully realised due to systemic financial integrity risks, lack of educator oversight and outdated business practices over many years. This has seen the FDC sector experience reputational risk, increased scrutiny, and a decline in educator numbers, in particular limiting ECEC supply in regional areas.

Program objective: The department is looking to trial and test approaches to inform potential systemic changes to the current FDC model to improve financial integrity. The Trial will be delivered over three years, aiming to provide much needed ECEC supply in the future, with a focus on SA2 regional areas.



Assumptions

Currently, approved FDC providers willing to participate, educators new to the FDC sector or new to an identified regional area of need will be willing to participate and continue to operate their FDC business beyond the Trial.

A suitable supplier with the skillset to meet the scope of work, within budget, and deliver the Trial.

National regulations will support the Trial.

Families will utilise the ECEC places created through the Trial.

External Factors

Changes to the number of currently approved ECEC services in the identified regional areas for the Trial.

Economic impact, affecting families - affordability.

Number of new educators entering the market and accessing training through local Registered Training Organisations.

Changing regional demographics, changing regional employers and employment opportunities.

Number of new FDC providers being approved by the department.





Financial Integrity Governance Board – Actions and Outcomes

Meeting date: 27 July 2023

Time: 11:00-12:36 AEST

Proxy: s 22

attended in place of s 22

Apologies: s 22, Co-Chair.

Secretariat/Observers: s 22

Acting arrangements: s 22
s 22

and Co-Chair; s 22

and Co-Chair; s 22

Agenda Item	Notes
1. Introduction and Acknowledgement of Country	<p>The Co-Chairs:</p> <ul style="list-style-type: none"> Agreed that s 22 be invited on an ongoing basis as there is crossover between the work of his team and the work of the Financial Integrity Branch. s 22 will be invited as a Standing Representative rather than a member with decision-making rights.



Agenda Item	Notes
<p>2. Review of Action and Outcomes from previous meeting</p>	<p>The Board:</p> <ul style="list-style-type: none"> • Endorsed the revised Actions and Outcomes from the Board meeting 19 June 2023 as circulated to members on 24 July 2023. • Noted, there were two Action items from the first Board meeting that have been actioned. <ul style="list-style-type: none"> ○ 190623.1, to update the ToR and Board Nomination paper template and circulate to members – item is complete. Members confirmed they endorsed the revised ToR and template as circulated to them on 24 July 2023. ○ 190623.2, Early Learning Programs and Youth Division (s 22) to be invited to provide a standing Divisional Representative – Secretariat confirmed that s 22 , s 22 , will join the Board at the next meeting - item is complete.
<p>3. CCS Financial Integrity Strategy and Data Improvement Plan</p> <p>Agenda Paper 3.1 – Administrative paper (Ref #2023.4) – CCS Financial Integrity Strategy and Data Improvement Plan</p> <ul style="list-style-type: none"> • Attachment A – Child Care Subsidy Financial Integrity Strategy • Attachment B – Child Care Financial Integrity and Data Improvement Plan – Final Draft 	<ul style="list-style-type: none"> • The Board endorsed the: <ul style="list-style-type: none"> ○ Child Care Subsidy Financial Integrity Strategy (Attachment A to the Agenda paper) ○ Child Care Financial Integrity and Data Improvement Plan – Final Draft (Attachment B to the Agenda paper) • The Co-Chair noted next steps will be a legal review conducted to ensure the legislative context is documented appropriately in the Strategy. Deputy Secretary clearance will be sought and, later in 2023, in consultation with the Strategic Communications Team, a public facing version of the Strategy will be developed/released. • The Board noted the public version of the Integrity Strategy would also be a useful resource internally and members should be consulted on its development.

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Agenda Item	Notes
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Agenda Item	Notes
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<p>6. Family Day Care (FDC) Capability Trial</p> <p>Agenda Paper 6.1 –Directions paper (Ref #2023.6) – Family Day Care (FDC) Capability Trial</p>	<ul style="list-style-type: none"> • The Board endorsed the agenda paper’s recommendations, including endorsing the FDC Capability Trial to proceed. • The Board noted: <ul style="list-style-type: none"> ○ the Integrity Capability and Engagement Team is seeking the Board’s agreement to use funding from the October 2022 Budget measure for sector-led capability building and community engagement to fund a focused capacity building trial with FDC services in selected regional and remote areas. ○ The FDC Trial will look at systemic fixes for the FDC model to entertain future growth and help with regional supply growth.



Agenda Item	Notes
	<ul style="list-style-type: none">○ If the FDC Trial is successful, it will influence other areas of the business to adapt the same approach.○ The Minister's Office has an interest in this work.

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Agenda Item	Notes
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8. Other business	<p>The Board noted the Secretariat provided a meeting schedule for the next 6 months based on a 5-week cycle and no conflicts were presented. Placeholder invitations for 'if needed' mid-point meetings will also be circulated and cancelled if no urgent decisions are required in each 5 weekly period. Invitations will be sent out after the meeting.</p> <p>The Co-Chair indicated his preference is Board members attend meetings wherever possible and send delegates/proxies by exception only.</p>
9. Next meeting and meeting close	<p>The Board noted the next meeting will be Monday 28 August 2023, time to be confirmed (likely following Director's meeting with short break between). Submission of papers will be due to the Secretariat by Wednesday 16 August 2023. The Secretariat will remind Board members of this timeframe when it calls for agenda items for the next meeting.</p>

Open Action Items

Number	Action Item	Owner(s)	Deadline	Status
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Closed Action and Outcomes Items

Number	Action Item	Owner(s)	Deadline	Status
190623.1	Item 2.1 Update Terms of Reference and Board Nomination Paper Template to include additional terms and content and circulate final versions of all documents and templates to Board Members	Secretariat	07/07/2023	Completed: Papers and documents circulated 20/7/2023.
190623.2	Item 2.2 Co-Chair, s 22 to discuss with s 22 if she or one of her divisional leadership team would like to participate in the FIGB as a Standing Divisional Representative.	Secretariat/ s 22	Prior to next Board meeting	Completed: 26/7/2023 – s 22 nominated s 22 who will join the Board at the meeting of 28 August 2023.