

# Accusations family day care is open to fraudsters because of inadequate compliance checks <sup>[1]</sup>

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**Source:** ABC News

**Format:** Article

**Publication Date:** 9 Dec 2016

## AVAILABILITY

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## EXCERPTS

The Victorian Government has accused Canberra of failing to properly fund compliance checks in the family day care sector, leaving the industry open to fraudsters claiming millions of dollars in taxpayers' money.

The political showdown was expected to be brought to a head at the Education Council meeting of state, territory and federal ministers on December 16.

Differing interpretations in national laws governing the approval of service providers had exacerbated the impasse, with the Federal Government countering it was the states' responsibility to approve and conduct compliance checks.

Victorian Children's Minister Jenny Mikakos said the number of family day care providers — where care is provided in educator's own homes rather than in childcare centres — had skyrocketed by 300 per cent in the past four years, particularly in Melbourne's northern and western suburbs.

She said federal funding for compliance checks had failed to keep pace and she was concerned family day care had "become a licence to print money", with Commonwealth childcare benefit and rebates being paid to fraudsters.

### Claims made for 'ghost children'

While the family day care sector represented only 10 per cent of child care services, it made up almost 80 per cent of Victoria's enforcement actions, including 62 cancellations of service approval.

"They [the compliance officers] are knocking on the door and they're finding the blinds are drawn, they can hear voices inside the house, yet no-one's opening the door and then a claim for payment is being made to the Federal Government," Ms Mikakos said.

"Essentially children [are] being paid for and hours being claimed for care that hasn't actually happened ... taxpayers' money is being wasted by payments being made to ghost children, phantom children that aren't in the family day care providers' home."

Ms Mikakos called for a review of the system and a freeze on funding for new operators in areas already saturated with family day care services.

### Victoria told to 'fix it'

But Federal Minister Simon Birmingham said states and territories had the power to stop issuing approvals for new operators and urged Victoria to "do its job rather than hold its hand out for more money".

"Victoria is one of only two states in the country [that] have approved more family day care into the child care system over the past 12 months, whereas others have managed to reduce the number of family day care providers," he said.

"This is not a question of the Federal Government not acting ... this problem is worst in Victoria and the Victorian Government has the powers themselves to fix it, to stop it, to act."

He said compliance checks had increased more than six-fold over the past three years, resulting in 75 suspensions or cancellations and 15 prosecutions.

Major loopholes such as the so-called "child swapping" rort - where groups of parents became accredited as childcare providers and fraudulently claimed to have looked after each others' children in order to receive benefits — had been closed, the Minister said.

Work was also being undertaken to review the adequacy of compliance measures, with a report due back to the Education Council, and other improvements were contained in major childcare reforms currently before Federal Parliament.

'Unscrupulous operators' tarnish industry

The sector's peak body, Family Day Care (FDC) Australia, was watching the debate with interest.

"There's certainly quite strong inter-dependence between the two to manage effective approaches and solutions, so it's really important that the states and the Commonwealth collaborate on this issue," FDC Australia's chief executive Andrew Paterson said.

"We have seen a number of service cancellations and the increase in enforcement activity ... we completely support the compliance activity and there's no place for this behaviour in our sector."

Victorian award-winning family day care educator, Danielle Davich, said she was concerned the industry she loved was being tarnished by a few unscrupulous operators.

"Earlier I was registered with a scheme and I actually found out that they were doing the child-swapping and the fraudulent activity, so I didn't feel comfortable being registered with them," she said.

"I was disgusted that that sort of behaviour would go on, especially tarnishing the reputation of family day care.

"It's unfair on all the other educators ... we love our jobs and we want to be able to provide that amazing service to the community."

-reprinted from ABC News

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