



2025-26 Federal Budget

Pre-Budget Submission

January 2025

A Joint Submission by:



Community Child Care Association



Community Early Learning Australia

About Us



Community Child Care Association

From a small beginning, Community Child Care (CCC) has grown significantly, and is now the peak body for community-owned education and care, supporting long day care, outside school hours care (OSHC), kindergarten, family day care and occasional care educators, teachers, leaders, coordinators and directors. CCC's vision and purpose are underpinned by the belief that all children deserve the best possible start in life, regardless of their circumstances. Our vision is for excellent early childhood and outside school hours education and care for all and our purpose is to lead, support and advocate for accessible high-quality opportunities for children and families.

As a trusted sector leader, CCC provides leadership and advocacy, works with governments toward improvement in the sector and supports services with membership, quality professional development and consultancies. CCC equips and supports early childhood and outside school hours care services, educators and their communities with the skills and confidence to deliver high quality inclusive education and care services.

CCC's advocacy helps to enable and strengthen the development and retention of Victoria's community-owned education and care sector.

Contact

Julie Price
Community Child Care Association
jprice@cccinc.org.au



Community Early Learning Australia

Community Early Learning Australia™ (CELA) is the voice for Australia's early education and care sector. As a peak body, our vision is for all of Australia's children to have access to quality early education, regardless of economic circumstance or where they live.

CELA supports over 1,800 members employing more than 27,000 educators and teachers nationally. Our members include community-managed not-for-profit, government, and privately owned small providers, delivering preschool, long day care, outside school hours care, and family day care services.

Our Mission is to:

- deliver effective and expert support for our members, enabling them to deliver quality early education and care for all Australia's children
- influence policy makers and government by amplifying the voices of community based and small providers
- promote the value and importance of community based early education.

Contact

Michele Carnegie
Community Early Learning Association
michelecarnegie@cela.org.au

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Executive Summary

Guaranteeing Australia's future through world class early childhood education and care

It's time to listen to the families, educators and services who want a high quality system that is affordable, sustainable and easy to access.

Australia has the opportunity to develop a universal affordable early childhood education and care system that unlocks the full range of benefits for children, families and our broader community. This is an unprecedented moment where families, the early education sector and governments are all ready for change.

The case for major reform now

We know that investing in school, TAFE and universities improves Australia's economic productivity and enriches our social fabric. Despite 90 per cent of the brain's development occurring before age five, we don't attach the same value to early education and care. By setting children up for success in school and life, we can deliver an economically strong and socially just Australia, now and into the future.

Investing in quality early education has never been more important. It can help to drive sustainable productivity, grow our skilled workforce and reduce social inequity.

We can remove this handbrake on Australia's future prosperity, delivering the full benefits from targeted government investment in ways that families can see and appreciate. We can do this by moving past piecemeal reform and single issue solutions.

A vision for universal quality early childhood education and care

The Australian Government must see the case for early education and care reform as more than fixing decades of market failure or growing workforce participation. It should be seen as the great equaliser and a foundational investment in our society.

A plan that works for families, the sector and government

Our approach supports the Australian Government's vision for helping Australians to take advantage of all the opportunities that the 21st century presents. This is based on an economy that allows Australians to create lives of possibility and prosperity with access to well paid jobs and affordable health, housing, energy and education.

1. Universal Early Childhood Education & Care

Guaranteeing quality free or low cost early education and care

Current Issues

- Children's access to quality education and care is currently determined by where they live and their family's capacity to pay.
- All children deserve consistent access to highly qualified educators and teachers at all stages of their development, no matter where they live.
- Parents and carers need access to affordable education and care so they can make choices about returning to work or working more hours.

Recommendations

- Legislate and fund a guarantee of 30 hours/3 days of free or low cost early education and care for all children 0 – 5 years and equivalent 3 days for school age children in outside school hours care.
- Continue support for the National Quality Standard and ACEQCA including increased funding to support National Quality Standard assessments and ratings.
- Accept the Productivity Commission's recommendations from its ECEC Inquiry to:
 - establish an ECEC Commission
 - establish an Early Childhood Inclusion Fund
 - extend the *Disability Standards for Education 2005* (Cth) to the ECEC sector.

Benefits

- The Australian Government can deliver the full range of early education benefits by creating a system that is simple for families to access, values the work of educators, prioritises high quality and is viable for providers.
- For every \$1 invested in the early learning system, Australia receives \$2 back over the child's life (The Front Project, 2019).
- A universal affordable quality early education system puts children first.
 - It is the basis for an effective and equitable education and care system.
 - Families will be able to access the hours of education and care that suit them, from the type of service that best meets their needs.

2. Affordability

Affordable early education and care for all families, regardless of where they live or how much they earn

Current Issues

- The Productivity Commission and ACCC have shown that the current ECEC system is complex for families to access, costly to administer and excludes the children who can benefit most from early education.

Recommendations

- Establish a new supply side funding model based on actual costs co-designed with families and the ECEC sector to replace the current Child Care Subsidy funding, fee setting rates and family income levels.
- Undertake a review of early childhood fee indexation as a key input to the development of an Early Education Service Delivery Price to ensure the funding model reflects the real changes in costs to ECEC services and protects the sustainability of the ECEC sector.

Benefits

- A supply side funding model provides more effective levers for government to achieve intended policy outcomes for children, families and communities including:
 - protecting the sustainability of the sector by funding the actual cost of delivering quality early education and care including variations due to location, community demographics and changes in local circumstances
 - using a model that is flexible and responsive, and supports continued growth of the sector
 - promoting quality service delivery at the Exceeding level, where the full developmental benefits for children are achieved
 - supporting services to have higher educator : child ratios according to need
 - sustaining a high quality qualified workforce at the level required to meet future demand.
- Australia is well placed to deliver this major funding reform, using our world leading quality and regulatory systems.
 - We've shown we can lead the way on embedding a world class quality system through the National Quality Standard.
 - This provides the basis for delivering effective funding reform in a meaningful timeframe while prioritising high quality.

3. Inclusion

Setting children up for lifelong success

Current Issues

- Every child, no matter their ability or background, deserves to feel a sense of belonging and have the opportunity to maximise their potential in early childhood.
 - However, the current education and care system does not set children and families up for lifelong success.
- We are not putting children's needs at the heart of Australia's ECEC system.
 - This means children, families and our broader economy are not reaping the full benefits from government investment in inclusive early education and care.
- Children are missing out on accessing early education and care due to significant unmet demand in the Inclusion Support Program (ISP).
 - In 2024, 24 per cent of Victorian ECEC services surveyed by CCC said enrolments of children with additional needs had increased while their staff and resourcing to support these children had decreased.
 - When services can access inclusion support that meets community demand, they can remove barriers to children with additional needs accessing ECEC and can extend the hours available to families.
- The rollout of Foundational Supports for children and families must not undercut the sustainability of the Inclusion Support Program due to their different scope and objectives:
 - Foundational Supports will help children and families to meet developmental milestones (where this is possible), support inclusion and participation in community settings.
 - The Inclusion Support Program makes changes to the ECEC service environment to support the inclusion of all children alongside their peers. This includes the knowledge and skills of educators, resources in the environment and funding to lower the ratio of children to educators.
- Inclusive quality early childhood education and care must be the foundation of Australia's education system, supporting the wellbeing and development of all children.

Recommendations

- Establish children's right to high quality education and care as the primary objective for early education and care, from birth to 12 years of age.
 - Recognise the valuable contribution of outside school hours care to meeting children's health, recreation and social needs as part of a holistic education program in partnership with schools.
- Increase funding for additional educators to meet predicted needs.

- Increase Inclusion Support Program funding to meet predicted need across all states and territories including support:
 - to deliver high quality inclusion support through Inclusion Agencies
 - to meet unmet demand, particularly in regional and remote areas
 - based on the number of services in each jurisdiction
 - to integrate Inclusion Support Program services with allied health and other experts to optimise children's early learning and development.
- Increase funding for the Victorian Inclusion Agency to \$12m from 2025-26 to meet predicted need.
- Accept the Productivity Commission's recommendation from its ECEC Inquiry to establish an Inclusion Fund.
- Ensure Foundational Supports funding is new and additional to Inclusion Support Program funding.
- Prioritise the implementation of Foundational Supports for children and families via early childhood education and care services.
- Support capacity building, training and resources for early childhood education and care and OSHC services to assist with the rollout of Foundational Supports for children and families.
- Ensure appropriate specialised services continue to be available under the NDIS for children with complex and acute needs.

Benefits

- The Australian Government can maximise its investment in families, workforce participation, social equity and our broader economy by putting the needs of children at the heart of the early education and care system.
 - This means investing in an education and care system that is genuinely inclusive to all children and families.
 - Investing in inclusion ensures every child feels a sense of belonging and has the opportunity to maximise their potential.
- The early education and care system can support the effective rollout of Foundational Supports to children and families with:
 - integrated Inclusion and Foundational Support funding pathways to maximise accessibility and outcomes for families and services
 - professional development to support educators, teachers and service providers to develop skills and knowledge required to deliver Foundational Supports.

4. Supply

Enough places and spaces in every community to meet the needs of all children and families

Current Issues

- Community managed services are the key to solving child care deserts.
 - These services consistently deliver high quality early education and care for lower fees, particularly in areas of greatest need.
- Investment in these services is the most efficient use of government funding to deliver quality services for children.
- There is significant potential for growth in small and community led services to fulfil major unmet demand for families, particularly in regional and rural areas.
- The Australian Government can play a key stewardship role to solve market failures and maximise the value of early education and care by:
 - targeting the goals, priorities and workforce needs of regional and rural communities
 - growing sustainable services that reflect the values, cultural identity and needs of local children and families
 - supporting thousands of parents to return to work or increase their working hours
 - promoting economic growth in regional and rural communities from increased workforce participation and new early education and care jobs.

Recommendations

- Provide administrative and governance support through a Community Managed Early Childhood Education & Care Business Hub to ensure services can focus on high quality service delivery – see p. 11 for our pilot proposal.
- Grow new community managed services in areas where the education and care market cannot deliver viable options through a Local Champion model – see p. 12 for our pilot proposal.
- Establish the Building Early Education Fund including capital and operational funding to create new services in areas of need.
- Coordinate capital funds with state and territory governments to deliver the type of early education and care needed to meet a community's needs with states and territories, e.g. co-funding to deliver integrated long day care and preschool.

Benefits

- Community managed services are the most effective investment in government funded education and care because they:
 - consistently deliver high quality early education and care for lower fees, particularly in areas of greatest need
 - reinvest all funds into quality service provision
 - are more likely to provide services in areas that are less advantaged or have populations of children with disability or complex needs
 - are more likely to invest in better wages and conditions for staff.
- By adopting our recommendations, the Australian Government can:
 - overcome the market failures that have created persistent child care deserts
 - target the goals, priorities and workforce needs of outer metropolitan, regional and rural communities
 - grow sustainable services that reflect the values, cultural identity and needs of local children, families and communities
 - support thousands of parents to return to work full time or increase their working hours
 - promote economic growth in outer metropolitan, regional and rural communities from increased workforce participation and new education and care jobs.
- Our recommendations support the effective design and implementation of Australian Government investments in early education and care including:
 - creating the services and places to support the 3 Day Guarantee for all children
 - identifying communities which need support to establish new services via the Building Early Education Fund
 - providing evidence and advice to the Early Education Service Delivery Price project
 - supporting existing community managed services to maximise available places through the ECEC Worker Retention Payment
 - creating the next generation of educators and teachers to support universal access through FEE-FREE TAFE, University Study Hubs and Paid Prac.

Community Managed Early Childhood Education & Care Business Hub

We propose establishing a pilot program to test the benefits of place based and centralised management support for federally funded community managed services in New South Wales, Queensland and Victorian communities.

The Community Managed ECEC Business Hub combines centralised functions with specialist expertise to ensure:

- providers can focus on delivering quality place based services
- providers have access to professional governance and administrative support tailored to their needs
- decisions about early childhood education and care services are made in the interests of local children, families and their community.

Benefits

- Retain decision-making authority about early education and care services within a community.
- Boost the capacity, growth and sustainability of community managed services by:
 - reducing the administrative burden and streamlining management responsibilities for volunteer management committees and service directors
 - supporting services to focus on specific community needs and delivering high quality services
 - improving the retention of committee members, directors and educators
 - supporting business continuity and quality when services' directors and community managed committee members change.
- Build new career pathways for mid-career early education and care leaders, providing local support, mentoring and advice to community managed services.
- Support providers to navigate state and federal government funding, policy, regulatory and compliance obligations that may impact their service.
- Reduce professional isolation by sharing professional development and engaging in communities of practice specific to particular roles, for example Director, Administrative Services, Educational Leader and new educators.
- Provide a space where change management and government messaging is supported, reducing the flow of misinformation and improving the efficiency and success of implementation.

Support available to participating services

Centralised administrative support – accessed online and by phone

- Finance, budget and risk management support.
- HR support including workforce planning, recruitment, induction and policy support.

Expert governance & practice support – advice, mentoring & support in person or online

- Support for designing and delivering high quality place based services, tailored to the needs of local children and families.
- Governance training and support for service management committees and directors including approved provider, governance and compliance obligations.
- Led by a high functioning leader in early education and care who understands the needs of their services and the communities they support.

Growing Community Managed Services via Local Champions

We propose establishing a pilot program to test the benefits of the Local Champion model to grow new federally funded community managed services in areas where the early education and care market cannot deliver viable options.

Pilot Objectives

- Establish new community managed early education and care services in areas of greatest need with capital and operational support (e.g. from the Building Early Education Fund) to:
 - build new early education and care infrastructure that meets the needs of local children, families and their communities
 - stand up new services with access to governance and compliance support from the Community Managed ECEC Business Hub
 - support Local Champions with:
 - guidance from sector experts such as community provider peak bodies
 - needs-based assessments and community consultation on the scope and type of new community managed services.

Benefits

Australian Government investment in new community managed early education and care services would:

- support thousands of families to return to the workforce
- deliver an equivalent return on investment through greater workforce participation of families
- provide significant additional income into regional and rural communities from new jobs created in the early childhood education and care sector
- create significant savings through better child development outcomes.

Analysis by CELA shows that Australian Government investments in new community services would be realised through savings and additional tax income within one to two years.

The Case for 'Local Champion' Support – Eyre Peninsula

The Eyre Peninsula is set for tremendous growth, with a projected \$28 billion project pipeline over 10 years. Its capacity to grow is limited by its ability to attract a local workforce.

The Peninsula is made up of two regional cities and smaller communities. It takes five hours to drive from one end to the other, so services need to be dispersed across the region.

Over one thousand children miss out on early childhood education and care each year. Forty per cent of children in some areas start school behind.

Ten long day care centres are needed to meet current demand. This would cost around \$55 million and create new 598 long day care places.

The Community Child Care Fund has not been accessible to much of the Eyre Peninsula. The notional amounts provided in the Fund are insufficient to grow infrastructure in regional and remote areas.

An Australian Government investment in new early education services would:

- support around 1,000 families to work full time or increase their working hours annually
- deliver a return on investment of \$44.1 million each year in additional income through greater workforce participation of families
- provide up to an additional \$11.1 million in additional income from new ECEC jobs created
- save \$6.5 million per year through better child development outcomes.

The return on investment is clear: the Australian Government's investment would pay for itself within a year.

Source: CELA/Regional Development Australia Eyre Peninsula.

5. Workforce

A qualified valued workforce to deliver universal education & care

Current Issues

- Staffing is the primary driver of quality for early education and care services.
- Families can enjoy the full benefits of the Australian Government's early education and care reforms if the sector is operating at its full potential.
- Services will grow to meet the needs of their communities if they can attract and retain quality staff.

Recommendations

- Fund ongoing professional wages for the ECEC workforce through long term operational funding, including via renewal of the ECEC multi-employer agreement.
- Fund training initiatives to support the future ECEC workforce.
- Coordinate with states and territories (via co-contributions) to support consistent workforce outcomes across the jointly funded ECEC sector.

Benefits

- These recommendations can lower the cost of living in the short term without raising inflation by:
 - boosting the wages of over 140,000 low paid women
 - maximising the value of the ECEC reforms by slowing the growth of early education fees for families
 - opening up more places, allowing families to make choices about working more hours or returning to the workforce.
- Stabilising workforce turnover will reduce a major driver of fee growth for families.
- The ECEC Workforce Retention Grant is already demonstrating the effect of offering professional wages to retain existing staff and attract new educators and teachers.
 - Workforce vacancy rates in the ECEC sector dropped in 2024, with internet vacancy rates down 22 per cent since December 2023 (Jobs and Skills Australia).
- Families can enjoy the full benefits of the Australian Government's reforms if the early education sector is operating at its full potential.
 - Staffing is the primary driver of quality for early education and care services.
 - Tens of thousands of qualified educators will come back to work in the sector now, if they are paid professional wages and conditions.
- Professional wages and access to professional development will mean education and care is seen as a career of choice, both within the sector and by the broader community.

6. A sector ready for the future

Building capacity for effective ECEC reform

Current Issues

- The Australian Government's partnership with community provider peak bodies over the next ten years will be crucial to ensuring major early education reforms work as intended.
- Decision makers will need support from peak bodies for small and community providers to ensure:
 - services can sign up to the multi-employer agreement sooner by accessing targeted support from peak bodies
 - services are ready to adopt major policy and regulatory changes stemming from the Australian Government's response to the Productivity Commission's ECEC Inquiry
 - teachers and educators understand how they will be affected by these reforms
 - children, families and communities enjoy the full benefits of improvements to the accessibility, affordability and quality of services.
- CCC and CELA have demonstrated our steadfast commitment to supporting major early education reform in partnership with governments and educators, with a strong focus on effective implementation and communication.
- This tripartite approach is the foundation for delivering a new ECEC system that can unlock the full benefits for children, families and communities.

Recommendations

- Provide ongoing funding to national peak bodies for small and community providers to:
 - build capacity for implementing reforms with their member services, educators and teachers
 - support communication and consultation with providers, educators and families
 - provide expert, evidence-based and impartial advice to government, including on the progress of reform implementation.

Benefits

- Trusted peak bodies such as CCC and CELA, with a track record in supporting major reform implementation, can support services to solve workforce shortages and unlock the potential of the early education sector for families sooner.

- The Australian Government's Health Peak & Advisory Bodies Program provides a model can be adapted for the ECEC sector to:
 - support the delivery of the National Vision for Early Education and Care
 - provide a streamlined process for consulting and sharing information with small and community services, their educators and the families they support via peak bodies
 - ensure sector knowledge and expertise is readily available to government
 - build the capacity of small and community services to drive improvements in priority reforms and ensure maximum benefit for government investment.

Supporting community services to access the federally funded wage increase

CCC and CELA are supporting the implementation of the ECEC Worker Retention Grant through our Workplace Relations Team.

We provide outreach and support to help small and community managed services to access funding for professional wages as quickly and as easily as possible.

Since November 2024, we have had:

- 500 individual detailed conversations with services to outline how they can access the ECEC Worker Retention Grant
- over 1,000 providers subscribe to Workplace Relations Team communications to understand their options for accessing the ECEC Worker Retention Grant
- 120 services have registered to join the Long Day Care Multi-Employer Agreement.

'Thank you so much for making this process so smooth.

It is definitely not something that we would have been able to do without CCC and CELA's ongoing guidance and support.'

Service Director, Community managed service
