



Submission

Economic Reform Roundtable

July 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.

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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.

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Unlocking Australia's productivity now through high quality early education & care

A plan that works for families, the sector and government

CCC and CELA recommend the following priority reforms that support the Treasurer's criteria for boosting Australia's productivity:

1. Expanding access to high quality education and care in regional, rural and remote communities
2. Inclusion reforms to maximise return on government investment in early education and care
3. Supporting effective implementation of major education and care reforms through sector co-design.

These reforms will drive productivity gains by:

- maximising the value of government investment in early education and care
- unlocking the full benefits of early education and care for children, families and communities
- laying the foundations for the next phase of major reform to establish a high quality universal early education and care system
- building the foundations for an inclusive and dynamic labour market.

Australia's productivity challenge

In its incoming brief to the new Australian Government, the Treasury identified four productivity challenges:

- Our economy is not dynamic or innovative enough
- Private investment increased, but not by enough to build sufficient capital
- Our skilled workforce is not sufficient to support business needs
- Our industrial base is changing and demand for government funded services are growing – where productivity benefits are harder to find, and where traditional productivity measures do not account well for quality.

In the 21st century, we must move past defining productivity as the ratio of outputs produced to inputs used in production. As the Treasurer stated at his June 2025 National Press Club Address, "lifting productivity is about empowering workers and making the most of our human capital".

This is the basis for building an innovative resilient country that can embrace the opportunities of the 21st century.

Deeply held inaccurate beliefs create missed opportunities for productivity gains

Australia's early childhood education and care system has not lived up to its potential. Successive governments have addressed urgent issues while underlying system failures remained, meaning intractable access, cost and workforce issues persisted.

The result is frustrated families who have not enjoyed the intended benefits from major government investments in early childhood education and care.

This has been driven by deeply held but inaccurate beliefs that have hampered decades of major reform in early education and care:

- *Misconception:* Early education and care is an expensive investment in long term productivity gains via improvements in children's development and parents' workforce participation – it does not produce a direct return on government investment in the short term.
 - *Reality:* Early education produces immediate, medium and long term productivity benefits through parents' participation in the workforce as well as progressive and lifelong benefits for children that result in higher levels of successful participation in society.
- *Misconception:* The Australian Government must promote and protect the education and care market, but cannot 'intervene' in this market.
 - *Reality:* Lack of intervention in the education and care market results in missed opportunities for communities to fully participate in the workforce, build economic resilience and contribute to the successful development of all children.
- *Misconception:* Place based education and care solutions are expensive and take too long to develop, particularly in regional and rural communities.
 - *Reality:* Communities know what they need from early education and care services – we need a system that values communities as active participants to grow sustainable high quality services that deliver maximum value for government investment.

The Australian Government should invest funding in the most efficient way to deliver desired outcomes for local families and children based on genuine community consultation.

A wholistic vision for productivity – based on dynamic opportunity & shared prosperity

The Albanese Government's vision for Australia is based on a wholistic approach to productivity, with 'an economy that nourishes [our] aspiration and repays [our] efforts, and a society where everyone has the opportunity to fulfil their potential.' (Prime Minister's National Press Club address, June 2025).

Embracing a comprehensive vision of productivity harnesses the full potential of people and communities so they can thrive.

The case for investment now

'When productivity surges, what we get is not more of what we had, but new things we never imagined.' (Abundance, 2025)

Early education and care is a key lever to drive sustainable productivity, grow an inclusive and dynamic labour market, and reduce social inequity. It is a powerful force multiplier that unlocks innovation and investment, helping people, businesses and communities to benefit from new opportunities and be more resilient.

From the outset, the Albanese Government recognised the fundamental role of universal high quality early childhood education and care in Australia's future social and economic prosperity. It is a foundational part of 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.

Government has accepted the case for early education and care reform as more than fixing decades of market failure or growing workforce participation. It is the great equaliser and a valuable investment in our society, in the tradition of transformative reforms like public education, Medicare and superannuation. It is the foundation for creating an inclusive and dynamic labour market, ensuring the benefits of work and opportunity are available to all Australians.

Expanding access to high quality education & care in regional, rural & remote communities

Current Issues

- The demand driven Child Care Subsidy system has created persistent childcare deserts, particularly in regional, rural and remote communities.
 - Many children and families currently cannot access education and care services due to the lack of available places or prohibitively high out-of-pocket costs.
- The major drivers of childcare deserts in regional and rural communities are:
 - low or fluctuating numbers of children aged under 6, impacting the minimum viable size of services
 - higher capital and operational costs to deliver early education and care services
 - lack of available qualified staff
 - lower average family income contributing to limited ability to afford higher fees.
- The absence of accessible and affordable ECEC services has far reaching consequences for these communities:
 - Children are not ready to start school, with developmental gaps widening throughout their lives.
 - Parents with essential qualifications that local communities desperately need cannot return to work or increase their hours.
 - Local businesses and major employers cannot attract and retain the workforce they need to be sustainable and grow.
- Parents are forced to make difficult decisions without access to affordable early education and care including:
 - choosing informal care options outside of the ECEC regulatory framework
 - moving to other communities where ECEC services are available
 - not returning to work or training.
- A community's productivity is limited by its ability to attract and retain a skilled local workforce.
- Access to capital funding and sustainable operational funding are most significant barriers to the establishment of new services in regional and rural communities.
 - Existing access to loans and grants are not sufficient to support the growth of services in areas of need.

Recommendations

- Support communities to grow the types of early education and care services that local families need in regional, rural and remote communities by:
 - expanding the Building Early Education Fund beyond the current \$1 billion commitment to grow new and existing community managed not-for-profit services
 - providing ongoing operational funding to support viable services in areas of low and fluctuating populations via the Community Child Care Fund
 - support regional and rural communities to design sustainable services that meet local needs using our Local Champion model ([Attachment A](#))
 - \$30-50,000 can produce the demographic analysis, community consultation and business case required to develop a proposal for the Building Early Education Fund
 - providing access to a suite of standardised capital service designs, similar to the NSW Government's \$1 Housing Pattern Book that can be adapted to local community needs
 - coordinating capital funds with state and territory governments to deliver the type of early education and care required to meet individual community needs with states and territories, e.g. co-funding to deliver integrated long day care and preschool.

Budget Impact

- *Positive:* the establishment of community led early education and care delivers an immediate return on government investment via increased workforce participation.
 - For example, CELA's analysis shows proposed new services in Coorong SA would deliver a return on investment of \$2.37m each year from Year 1 of full service operations due to increased parental employment.
 - *See also:* Eyre Peninsula Case Study.

Implementation

- The Australian Government can unlock the full benefits of early education and care for regional and rural communities by using a community led model to design and deliver new services.
 - If services are imposed on communities, the Australian Government will not solve the actual barriers that prevent families from using education and care.
- The most cost-effective and timely solution is to support existing community managed not-for-profit services to create new campuses for long day care in nearby regional, rural and remote communities.
- This should include:
 - flexible childcare solutions that provide access when parents need it, addressing challenges related to distance and irregular work hours

- ongoing operational funding to support the actual cost of delivering quality education and care including variations due to location, community demographics and changes in local circumstances (e.g. natural disasters).
- Our Local Champion model can produce the pipeline of regional and rural projects grow sustainable community led high quality services where they are needed most.

Benefits

- Access to early education and care is the foundation for boosting productivity by supporting vibrant regional, rural and remote communities to:
 - reduce lifelong disadvantage by enabling access to quality early education and care
 - retain essential health, education and social services locally
 - attract major employers and high value industries
 - build resilient local economies with more residents in the workforce and fewer barriers to employment
 - support local employers to grow and innovate
 - bridge the urban-rural divide, allowing parents to work remotely in well-paid professional jobs
 - attract young families, stabilise their population and safeguard strong local community identities.
- Community managed services are the most effective and efficient 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:
 - support thousands of parents to return to work full time or increase their working hours
 - solve critical workforce shortages in regional and rural communities
 - solve the source of market failures that have created persistent childcare deserts
 - deliver the full child development benefits of early education and care
 - support Australia's future workforce needs.

Case Study – Eyre Peninsula

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

The Peninsula is made up of two large regional cities and smaller communities. It takes over 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 parents to work full time or increase their working hours each year
- 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 jobs created in the early childhood sector
- save \$6.5 million per year through better child development outcomes.

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

Source: CELA/Regional Development Australia Eyre Peninsula.

Inclusion reforms to maximise return on government investment in early education & care

What does inclusion mean in early childhood education and care?

- A truly universal ECEC system means all children, no matter their ability or background, can access early education and care, participate fully and maximise their potential in the early years.
- This means making every service genuinely inclusive by considering each child's learning style, first language, cultural identity, abilities and family circumstances.
 - Inclusive education and care targets a broad range of children with additional needs, not just those with disabilities and developmental delay.
- Education and care services have a legal obligation to ensure inclusion under the National Quality Framework and the *Disability Discrimination Act 1992*.

Current Issues

- The number of developmentally vulnerable children in Australia is increasing, particularly among those already experiencing disadvantage (AEDC, 2024).
 - Since 2009, the proportion of children considered vulnerable has increased.
 - In 2024, only 53% of children were on-track across all five domains of development, a decrease since 2021.
- Our early education and care system is not setting children up for success when they start school.
 - A third of Australian students are not meeting proficiency standards in reading, writing and maths (ACARA, 2023).
 - Children's developmental needs are not being identified early enough so they can receive the support they need to set them up for success.
- The Inclusion Support Program's current funding model and program design does not effectively support the Australian Government vision for early education and care.
 - Deloitte's 2023 review found that 'current program resources are not being directed towards the activities which will have the greatest impact'.
- Since 2016, Inclusion Agency contracts have been extended several times, with no opportunity for service providers to propose additional funding to solve unmet demand and address worsening development trends.
 - Funding has not reflected increases in CPI, children accessing early learning (+203,430), the growth in total services (+35%), increased vulnerability or the increased complexity of supports required.

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.
- Extend current Inclusion Agency contracts for three years including allowing current Inclusion Agency service providers to submit an updated service delivery plan that reflects unmet need and increased operational costs for the next three years.
- Increase funding for additional educators paid at the Children's Services Award Certificate 3.1 rate, inclusive of the Fair Work Commission's recommendations from the Gender Undervaluation Review of Priority Awards.
- Increase the hours funded for additional educators to match the Three Day Guarantee from January 2026.
- Update the National Quality Standards to require regulators to actively identify whether services fulfilling their obligation to be inclusive to all children.
- Updated Priority of Access guidelines under the Family Assistance Law to include children with trauma and behavioural issues.
- Inclusion support must be separate and additional to Foundational Supports.
 - Prioritise the implementation of Foundational Supports for children and families via early childhood education and care services.
- Work with the ECEC sector to:
 - identify efficiencies that can be gained from integrating state and federal inclusion support, including establishing an Inclusion Fund
 - design a funding model that supports the access and inclusion of children with additional needs in mainstream education and care services.

Budget Impact

- *Positive:* for every \$1 invested in the early learning system, Australia receives \$2 back over the child's life (The Front Project, 2019).
- Increased inclusion funding will be offset in the short term by:
 - a reduction in the number of children requiring more intensive support at school, in the NDIS and via other complex supports in the early years
 - increased workforce participation by parents able to access inclusive mainstream ECEC services
 - a reduction in expenditure on social security payments to parents once they enter the labour market.
- For example, effective early therapy for children can reduce the need for special school placement costing \$40,000+ per year compared to \$5,000 - \$15,000 per year for supports in the early years (Productivity Commission, 2011).

- The first 1000 days of a child's life are critical. Early intervention acts as an early investment in skill and learning, which maximises later investments. (Moore et al. 2017).
- The remediation of inadequate early investment is costly and difficult requiring higher frequency and intensity of supports (ibid.).
- Government investment in the early years has been shown to be far more cost-effective than investments made at any other time (AIHW, 2015).
- High quality programs for disadvantaged children (0 – 5 years) can deliver a return on investment of 13% per year with an associated benefit/cost ratio of 7.3 (Garcia, J., 2016).
- These recommendations will deliver significant ongoing returns on government investment by:
 - reducing expenditure on late interventions via education, justice, social and health services
 - improved lifetime development, education and workforce participation outcomes, particularly for vulnerable children.

Benefits

- Inclusion is the foundation for a robust and effective universal early education and care system.
 - It is essential for delivering the full value of government investment in early education and care to children, families and our broader community.
 - 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.
 - Inclusive early education and care has the greatest impact for children with disadvantaged backgrounds, Aboriginal and Torres Strait Islander children and children in regional or remote, or low socio-economic areas of Australia (Social Ventures Australia, 2025).
- The lifetime benefits of government investment in quality early education and care are clear:
 - Universal early education offers lifelong benefits including improved academic achievement, reduced delinquency, increased school completion, higher earnings in adulthood, and improved social and emotional well-being (Howells et al, 2022).
 - It helps to improve the number of people completing Year 12 or equivalent. Children who attend early education and care also less likely to repeat grades or require additional support at school (Taggart et al., 2015).
 - 30 hours of free education and care would deliver an additional annual \$4.9 billion in tax revenue and savings and \$13.2 billion in GDP from 2030 (Centre for Policy Development, 2019).
 - A universally accessible high-quality early learning system could lead to a 13 per cent increase in hours worked by second income earners (mostly women) with young children (Wood et al., 2020).

Supporting effective implementation of major education & care reforms through co-design

Current Issues

- The Australian Government's partnership with community and small provider peak bodies will be crucial to preventing and minimising design and implementation risks in major early education reforms.
- Decision makers will need support from community and small employer peak bodies to ensure:
 - new funding models and programs work for all service types and circumstances
 - services are ready to adopt major policy and regulatory changes
 - 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 including:
 - spearheading unprecedented cross sector collaboration between unions, providers and government in the first national multi-employer bargaining process, on behalf of community and small providers
 - assisting community and small providers to access the ECEC Worker Retention Payment quickly and efficiently, particularly through direct outreach
 - boosting children's access to education and care through the Victorian Inclusion Agency, in partnership with KU Children's Services and Yooralla
 - supporting local councils and major employers to establish new community services using our proven Local Champion model
 - a wide range of state and territory sector support and sector development programs that stewarded preparedness and implementation of change.
- This tripartite approach is the foundation for delivering a new early education and care system that can unlock the full benefits for children, families and communities.

Recommendations

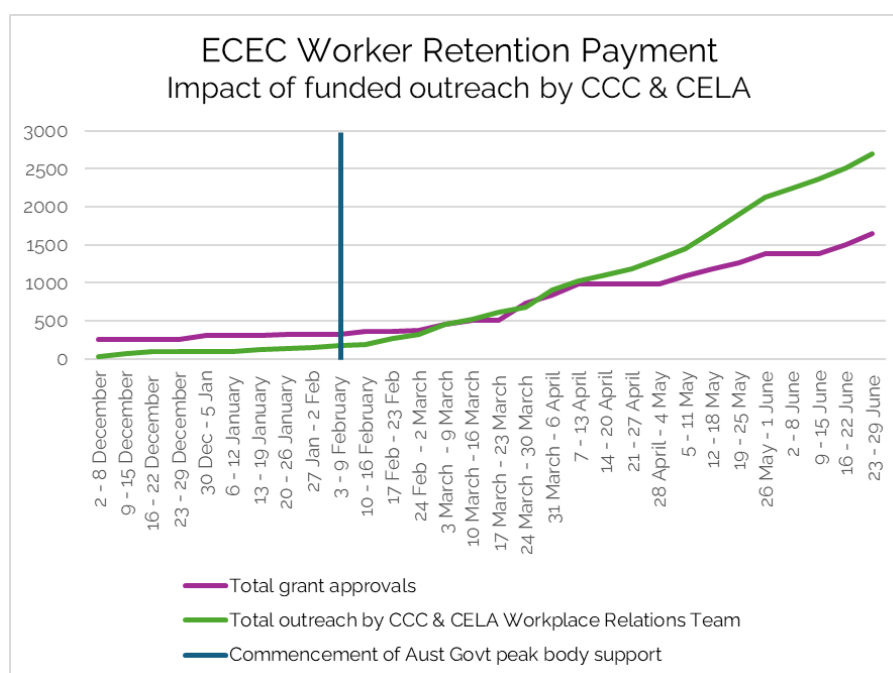
- The Australian Government should provide funding of \$1 million per year per organisation to national community and small early education and care employer peak bodies to:
 - build capacity for implementing reforms with community and small providers
 - support communication and consultation with providers, educators and families
 - provide expert, evidence-based and impartial advice to government, including on reform design and implementation.

Budget Impact

- *Neutral:* Sector support for the effective uptake of major early education and care reforms will offset the cost of peak body funding via a short term increase in workforce participation.

Benefits

- The effectiveness of government investment in early education and care is dependent on services' capacity to adopt major reforms in a timely way.
- Peak body support can ensure the Australian Government has the levers to:
 - build the capacity of community and small providers to adopt major reforms and ensure maximum benefit for government investment
 - consult and share information with small and community services, their educators and the families they support via peak bodies in a streamlined way
 - ensure sector knowledge and expertise is readily available to government
 - prevent or solve implementation issues quickly
 - ensure the uptake of government funding and programs is delivered according to announced timelines.
- CCC and CELA's support of the ECEC Worker Retention Payment rollout highlights the value of our support to deliver major reform quickly and effectively while minimising implementation risks, particularly by boosting local capacity.
 - The following chart demonstrates the benefit of the Australian Government's support for CCC and CELA from February 2025 to support community and small services to access the ECEC Worker Retention Payment, showing the correlation between our outreach and the number of services being approved to receive grant funding.



- The Australian Government's Health Peak & Advisory Bodies Program provides a proven existing model can be adapted for the early education and care sector.

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Local Champion Model

The Local Champion model can support a pipeline of new high quality community managed services in rural and regional communities, driven by influential local stewardship.

This is a proven approach for supporting local councils and major employers to establish new community led services based on what families need, now and into the future, based on targeted demographic analysis, effective community consultation and a clear return on investment.

Stage 1 – Needs Assessment

- Identify the scope and type of services required, based on:
 - analysis of community demography, unmet demand and future supply needs
 - surveys, interviews and focus groups with families, existing services, local businesses and the broader education and care workforce.
- Develop a detailed service model including:
 - the locations, service types and number of places required to meet local needs
 - capital and ongoing operational costs for the proposed types of services
 - economic and social benefits to local children, families and the broader community
 - return on investment for the Australian Government (via increased workforce participation, community growth and child development benefits).

Stage 2 – Local Champion

- A local area 'champion' (e.g. local council, major local employer or community group) is identified to provide project leadership.
- The Local Champion oversees the detailed design of proposed services and infrastructure to ensure they meet community needs.

Stage 3 – Service Establishment

- The Local Champion:
 - oversees the build of education and care infrastructure
 - identifies the most appropriate management model to meet local identified needs e.g. council managed, community managed or a not for profit provider.
 - approaches the preferred provider type, and where the preferred provider is a community managed service, they establish a local management board/committee.
- The service building is then leased to or owned by an approved provider.