



**It takes
a village**

Peak for early learning and OSHC



CELA

COMMUNITY EARLY LEARNING AUSTRALIA

Submission: Education & Employment References Committee

Inquiry into the quality & safety of Australia's
early childhood education & care system

October 2025



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About Us - CELA

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 managed early education.



About Us - It Takes a Village

From a small beginning, It Takes a Village (formally Community Child Care Association) has grown significantly, and is a peak body for community-owned education and care, supporting long day care, OSHC, kindergarten, family day care and occasional care educators, teachers, leaders, coordinators and directors. Our 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, It Takes a Village provides leadership and advocacy, works with governments toward improvement in the sector and supports services with membership, quality professional development and consultancies. It Takes a Village 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.

Our advocacy has helped to enable and strengthen the development and retention of the community-owned education and care sector.

Executive Summary

Community Early Learning Australia and It Takes a Village welcomes the opportunity to contribute to the Senate Education and Employment References Committee's inquiry into the quality and safety of Australia's early childhood education and care system.

Our submission outlines our response to the Committee's terms of reference with a focus on recommendations for improvements to deliver universal high quality, safe education and care services.

Safety as a threshold, but quality as the goal

There is nothing more important than ensuring the safety of children. The vast majority of providers prioritise child safety and wellbeing. However, the ambition of the ECEC sector must be greater than this. Quality services are safe services. When quality is the focus, children are not only safe, but they benefit from improved learning and development outcomes, reducing disadvantage and setting up every child with the best start in life.

Children's needs must be put first

Too often, options for effective child quality and safety reforms are dismissed because they place additional administrative imposts on services and require additional government funding to implement.

If we are serious about changing outcomes for children, this mindset must end.

Quality and safety must be prioritised over:

- ▶ funding and regulatory challenges for governments
- ▶ administrative and change management issues for sector stakeholders.

Regulations don't keep children safe – people do

Understanding and fulfilling child safety responsibilities is a legal and ethical imperative for all ECEC professionals. However, to deliver a truly safe system, we need more than regulatory and legislative reform.

Embedding child safety relies on building the knowledge, capability and capacity of the staff and leaders delivering education and care services.

For this reason, the number one contributor to improving quality and safety starts with investment in the workforce and service leadership. Reducing turn over and casualisation of the workforce has been identified by child safety experts as limiting risks to children. Services with consistent, qualified and experienced staff are more likely to achieve higher quality ratings, as well higher safety.

Embedding quality and safety reforms

Safety reforms cannot be a tick and flick exercise that result in changes on paper, but not in practice. The ECEC sector is diverse, with over 5672 providers operating just one service¹. Small and community managed providers face unique challenges to fully understand and implement regulatory reforms. ECEC services need expert guidance and support from trusted sources, such as peak bodies, to ensure every service understands their obligations as well as tools to embed a culture of child protection on an ongoing basis. This ensures safety and quality are prioritised everywhere, featuring on every meeting agenda, every induction, and in every job interview.

Peak body support for the implementation of the ECEC Worker Retention Payment highlights the value of sector support to deliver major reform quickly and effectively while minimising implementation risks, particularly misinformation within the sector.

We encourage the Committee to adopt our recommendations to create the education and care system that children and families need.

¹ <https://snapshots.acecqa.gov.au/Snapshot/stateofthesector.html> SS14.

Response to Terms of Reference

(a) The health and safety of children in childcare services across the country

Current Issues

- ▶ Quality and safety in education and care services has improved since the introduction of the National Quality Framework:
 - The proportion of services Meeting or Exceeding the NQS has increased from 56% in 2013 to 90% today²
 - The quality areas of the NQS must be assessed as all contributing to an ecosystem of quality and safety and not in isolation
 - Missing quality elements and varied regulatory advice have led to inconsistency of sector implementation of child: staff ratios and staff professional development.
- ▶ Research confirms that the NQS rating of Exceeding is the threshold for most effectively reducing developmental vulnerability through ECEC³.
 - Minimum levels of compliance with the NQS are not sufficient to deliver on double benefit of government investment in education and care: improving child development outcomes and increasing workforce participation.
- ▶ The safety of children must be our highest priority in delivering quality early education and care.
 - Children’s health and safety has lifelong impacts that outstrip the costs of setting up a system that prevents harm, provides remediation and protects children through a system of robust safeguards.
- ▶ Community and small services consistently deliver higher quality early education and care for lower fees, particularly in areas of greatest need.
 - Around 1,000 community managed long day care providers currently operate across Australia.
 - 32% of these providers are rated Exceeding or higher under the National Quality Standard, compared to 22% of large not for profit providers and 12% of for profit providers.

² Review of Child Safety Arrangements under the National Quality Framework Final Report – Findings and recommendations for the NQF and inter-related child safety mechanisms Dec 2023 pg: 4

³ <https://www.edresearch.edu.au/sites/default/files/2024-06/linking-quality-and-child-development-in-ecec-research-summary-aa.pdf> Pg: 8

Recommendations

- ▶ Embed children’s safety as the paramount consideration in the National Law, underpinning every regulatory and provider decision as part of building a sector wide child safe culture. State, territory and federal governments must prioritise reforms that create safe system based on high quality including:
 - a well-structured, funded and coordinated national system that puts children’s needs first and enables providers to deliver services that support quality and safety
 - a provider market that prioritises quality over profit, with good governance and educational leadership informed by expert pedagogy
 - higher than minimum staff ratio’s that provides supervision and care at a level that is appropriate to needs of children
 - a stable workforce that results in high retention of staff and low use of temp staff and waivers, ensuring children can maintain consistent attachments with educators and teachers
 - a qualified, experienced workforce with paid access to ongoing professional development
 - a National Quality System with effective assessment, rating and compliance levers.

Outcomes

- ▶ Prioritising children’s health and safety in the National Law will help ensure that children’s rights to be safe, heard and respected are at the heart of all ECEC reforms.
- ▶ Coordinated investment in sector development and workforce will maximise the impact of government funding.
- ▶ Improved quality standards will reduce inequality, improve educational outcomes and child wellbeing.

(b) The effectiveness of Australia's childcare regulatory system, including the performance and resourcing of state and territory regulators and the Australian Children's Education and Care Quality Authority, in maintaining and improving quality

Current Issues

- ▶ Australia has a world class quality framework through the National Quality Standard (NQS).
 - However, improvement is needed across state and federal regulators to consistently uphold these standards using effective assessment, rating and compliance levers.
 - Regulators have limited means to enforce provider assessment and compliance with the NQS.
 - The NQS was designed to continuously evolve to reflect emerging evidence. However significant quality gaps remain:
 - There is no requirement under the NQS to provide professional development.
 - There is varied interpretation on the correct implementation of minimum ratios, including the use of 'under the roofline' ratios.
- ▶ Recent state and federal reviews (e.g., Wheeler Review in NSW, Rapid Child Safety Review in Victoria) have highlighted systemic failings in the ability of regulators to deliver the National Quality Framework.
- ▶ The success of major state and federal announcements on child safety reforms relies on the capacity of regulators and the sector to adopt these measures.
 - The ACECQA Review of Child Safety Arrangements under the National Quality Framework emphasised the importance of embedding prevention and early intervention strategies to improve quality and safety outcomes for children in education and care settings.
- ▶ The NQS has lifted quality nationally, but underperforming services remain open for years without improvement.
 - Current enforcement relies on licence cancellation, which is a very high bar and results in service closures that impact children and families.
 - Cancellation of a provider's license is challenging, with direct evidence required that continued provision poses unacceptable risks to the safety, health or wellbeing of children at a service.
 - Anecdotally, regulators are loath to remove providers from the sector due to the immediate negative impacts on children and families.

- ▶ State regulators have not met the original NQS requirement that all services be assessed at least every three years.
 - Services that repeatedly fail to meet minimum standards are still allowed to operate, sometimes for more than a decade.
- ▶ Inconsistent standards in advice, monitoring and compliance across jurisdictions mean children’s safety and quality outcomes vary significantly depending on where they live.
- ▶ Regulators have limited capacity to distinguish between misconduct that:
 - results from individual poor behaviour
 - is a foreseeable consequence of the way a service is managed, such as inadequate staffing, weak supervision or systemic neglect of risk factors.

Recommendations

- ▶ Fund trusted peak bodies to communicate and upskill the ECEC sector to understand and comply with new child safety measures particularly:
 - community managed providers which predominantly operate a single service and rely on volunteer parent committees who are responsible for all aspects of operating the early childhood service
 - small providers which operate one to two services using similar values to not-for-profit services.
- ▶ Empower regulators to remove consistently underperforming service providers by establishing new mechanisms for urgently intervening with services to ensure the safety of children, or with services that do not demonstrate improvement.
 - This includes a ‘supported intervention’ under an administration style model to install a quality team at a service to minimise impacts on children and families.
 - Regulators would require the consistently Working Towards provider to fund a new team of early education and care professionals to take on leadership roles within the service to build quality practices. This would be a condition for avoiding the closure of the service.
- ▶ Commission further research to understand the elements of quality in education and care. Utilise this research to further review the NQS to reflect current best practice, including professional development and quality staff: child ratios.

Outcomes

- ▶ Government support to embed a child safe culture in all ECEC services will ensure:
 - service leaders can identify systemic drivers of inappropriate conduct and take effective preventative actions to keep children safe
 - all ECEC services can uphold clear enforceable expectations for professional behaviour for all staff

- service types with different needs, sizes and contexts can deliver safe quality education and care
- staff have access to procedural fairness and support through mandatory professional development and training, reinforcing high standards across the sector.
- ▶ Effective implementation of child safety reforms will ensure:
 - state, territory and federal governments can drive an urgent uplift in ECEC quality and safety in a meaningful timeframe
 - regulators will have the capacity and levers to effectively assess and respond to inappropriate conduct with a focus on early intervention and systemic improvement
 - providers will have the knowledge and support to embed a child safe culture in their services and comply with new child safety regulations
 - the impact of non-compliance will rest with the service provider and not with families who rely on services to remain operational.
- ▶ These recommendations are the basis for rebuilding families' trust in the ECEC sector.

(c) Early learning providers' compliance with quality standards and legislative requirements, including compliance with workplace laws and regulations

Current Issues

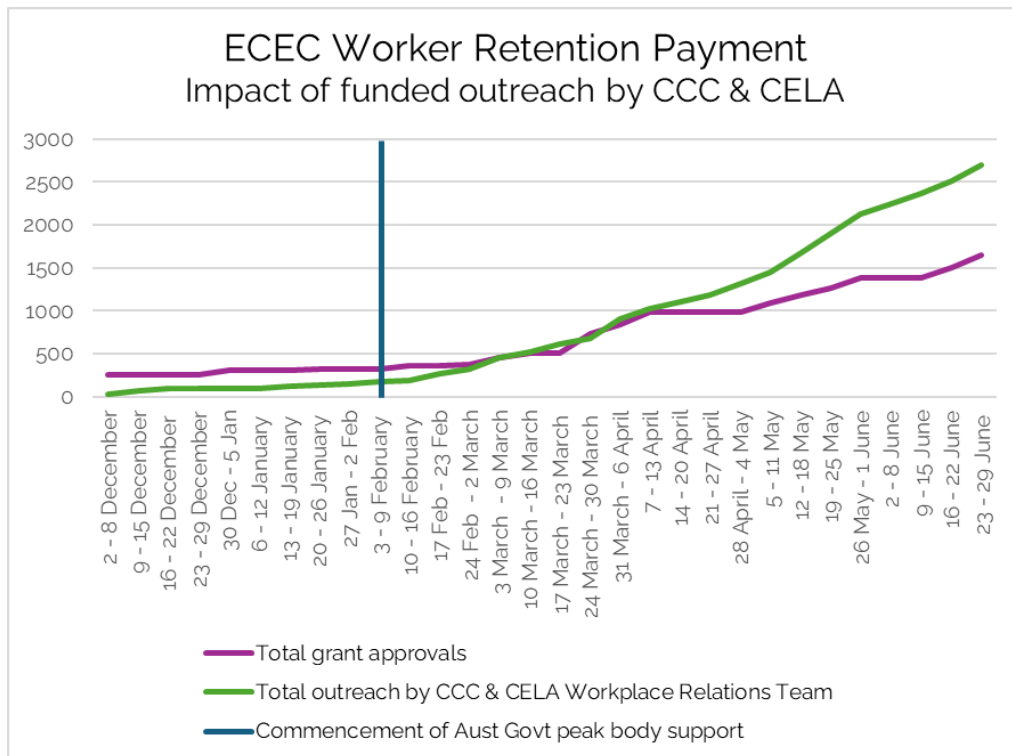
- ▶ Quality and safety have improved since the introduction of the National Quality Standard. However further reform to the NQS including advice and regulation is needed to embed child safe practices.
- ▶ Inconsistent interpretations of 'working directly with children' and 'adequate supervision' both by services and regulators has resulted in services embedding 'under the roofline ratios' in their everyday operational practice to save on staffing costs.
- ▶ The calculation of compliance with minimum ratios across a whole service, as opposed to in rooms or areas of the service is colloquially known as 'under the roofline' ratios
- ▶ The use of 'under the roofline' ratios can increase risk to children by:
 - increasing the stress and workload levels of early childhood educators, leading to poor responses and less ability to self-regulate
 - reducing the ability of staff to respond to emergency or sudden incidents
 - increasing time where staff may be alone with children without other staff supervision
 - reducing experienced supervision of newly qualified, casual or 'Working Towards' staff.
- ▶ Use of 'under the roofline' ratios exacerbates staff stress and workloads, two factors which have been identified as contributors to high staff turnover.
- ▶ Examples of 'under the roofline' practices include:
 - Not replacing staff while they are taking meal breaks
 - staff members being required to undertake cleaning or administrative work outside of the view of children while being counted towards ratio
 - staff members being required to undertake planning time and observation paperwork in the room while also being expected to supervise, care for and respond to children
 - calculation of staffing as adequate across two or more rooms.
- ▶ Recent changes to child safety regulations and legislation must be effectively communicated to the sector to ensure compliance.
- ▶ Community managed and small providers often lack the resources and access to professional support to keep up with major regulatory changes to the ECEC sector.
- ▶ Without dedicated funding and targeted support, quality and safety improvement may be inconsistent or take longer to implement.

Recommendations

- ▶ Establish national consistency of the requirements for staff coverage including on staff breaks.
- ▶ Explicitly define adequate supervision – including that children must be in eyesight or earshot, and that other duties cannot be undertaken at the same time (e.g. paperwork, programming and planning which does not allow the educator’s full attention).
- ▶ Revise ACECQA guidance on compliance to set clear expectations of adequate supervision, including how ratios should be implemented on a room-by-room basis, including in the National Guide to the NQF under Standard 2.2 Safety adding information about required ratios in each room for centre-based services.
- ▶ Ensure regulators are provided with clear consistent guidance for assuring compliance with ratios.
- ▶ Support community and small providers to adopt and comply with new child safety measures by providing:
 - dedicated change management support via professional peak bodies like CELA and It Takes a Village to:
 - build service capacity for implementing child safety reforms
 - support communication and consultation with providers, educators and families
 - provide expert, evidence-based and impartial advice to government, including on reform design and implementation.
 - centralised business support provided through trusted professional sector experts who have demonstrated understanding of the regulatory and legislative obligations required to run quality ECEC services
 - access to paid high quality professional development and training for staff, leaders and volunteer management committees.
- ▶ Require providers seeking to expand to demonstrate a proven compliance history and capacity to exceed minimum standards, with a preference for community and small providers who deliver consistently higher quality outcomes.

Outcomes

- ▶ CELA and It Takes a Village 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.
 - This chart demonstrates the benefit of the Australian Government’s support for It Takes a Village and CELA to support community and small services to access the ECEC Worker Retention Payment
 - From February 2025 (blue line), there is a clear correlation between our outreach and the number of services being approved to receive grant funding.



- ▶ Families can enjoy the full benefits of early childhood education and care reforms if the sector is operating at its full potential and can deliver quality services consistently.
- ▶ Additional sector resourcing will ensure that community managed and small providers remain sustainable, can easily adopt reforms, and continue to deliver safe high quality education and care for children.
- ▶ Without investing in implementation support for providers, child safety measures and quality reforms will not be effective, and further children will be put at risk.

(d) The impact of childcare providers' employment practices on quality and safety

Current Issues

- ▶ Appropriate staffing arrangements are critical to ensuring safe environments for children in education and care by supporting:
 - continuous adequate supervision of children
 - consistent attachment with children, supporting observation of changes and risks
 - trusting relationships between families, educators and teachers to further support two-way observation and communication of changes and risks to children
 - leadership capacity to embed and improve child safe practices
 - a culture of reporting on concerns or identified risks to service leaders.
- ▶ Children's health, safety and wellbeing are strongest where there is employment stability and consistency, with permanent part-time staff available to cover absences, minimising disruption to children's routines and attachment relationships.
- ▶ Current workforce shortages and the reliance on a casual workforce undermine children's regulation, wellbeing and sense of security, while increasing educator stress and risk of burnout.
 - Professional practice is compromised when workloads are unmanageable, programming time is inadequate, and staff lack access to paid mentoring and professional development.
- ▶ Professional development is not mandated and not embedded in service culture, resulting in gaps in practice, reduced confidence among educators, and lost opportunities for ongoing improvement.
 - Minimum requirements for professional development are not mandated in either the National Quality Standards, or industry Awards.
 - Teacher registration requires minimum professional development to be completed annually, but this does not extend to early childhood educators or directors of services.
- ▶ Lack of access to paid time release to undertake professional development can be a significant barrier for staff.
- ▶ Staffing at minimum ratios may not be sufficient to ensure adequate supervision and child safety.
 - They are a baseline safety standard.
 - To keep children safe, services require staffing above the regulated minimum ratio to provide responsive care, support children's regulation and wellbeing, and provide a healthy workplace for educators.

- Appropriate ratios must be set in consideration of the physical environment, staffing experience and the numbers of children with additional needs.
- Higher ratios also reduce staff stress, reduces risks of inappropriate discipline, and contributes positively towards improved staff retention.
- ▶ Early career teachers and educators often experience minimal induction processes, leading to a lack of role clarity, uncertainty about expectations, and inconsistent practice.
 - This contributes to early attrition, uneven quality in professional practice, and reduced safety and wellbeing (AERO, 2024).

Recommendations

- ▶ Establish a universal requirement for at least 16 hours of professional development that is:
 - directly linked to the NQS and Quality Improvement Plans.
 - attached to agreed required qualify uplift areas
 - robust, high quality and based on best practice pedagogy
 - delivered in an appropriately paced approach with time for the learner to understand and process the content specific to the evolving needs and challenges of the ECEC sector.
- ▶ State and Commonwealth Governments should take a stewardship role as primary funder of the education and care sector to support the development of sector workplace agreements and Awards that include workforce measures that improve quality and safety including:
 - Improved wages
 - minimum paid professional development
 - career paths
 - planning time.
- ▶ Support robust recruitment and induction processes for all services that include:
 - detailed vetting and reference checks for all staff, regardless of whether they work directly with children
 - probationary reviews that assess child protection knowledge and evaluate how educators and teachers respond to behaviours that challenge.
- ▶ Establish effective mentoring and induction programs for all early career teachers and educators that is supported by:
 - clear expectations under the NQS
 - investment in mentor supply, role design, remuneration, and training.
 - integration of mentoring time into workloads

- national evidence-based guidelines adaptable to local contexts (AERO, 2024).
- ▶ Extend the Early Childhood Teacher Registration Scheme to educators including minimum requirements for professional development

Outcomes

- ▶ A qualified and stable education and care workforce is the foundation for a national uplift in quality and safety, supporting prevention and early intervention when children are at a critical stage of development.
- ▶ Services that staff above minimum ratios will be able to keep children healthy and safe, support children’s regulation and wellbeing, and reduce educator stress—ensuring safety is not left to chance but built into everyday practice.
 - Standardising the appropriate implementation of ratio requirements will also improve child safety by reducing staff turnover and improving consistency of care and relationships with children.
- ▶ Minimum requirements for professional development will improve teacher and educator skills, capacity and currency.
- ▶ With consistent, well-resourced mentoring and induction, early career teachers and educators are more likely to stay in the sector, experience stronger professional identity and wellbeing, and deliver higher quality education.

(e) The role of worker compensation and pay on childcare quality and safety

Current Issues

- ▶ Consistent staffing is the primary driver of quality and safety in early education and care services.
 - Policies and regulations do not, in themselves, keep children safe – people do.
 - A safe high quality service depends on a stable, capable and confident workforce where children and families can build trusting relationships.
- ▶ Workforce shortages are driven by low wages, high workloads and poor conditions.
 - Early childhood teachers and educators are paid well below the national average and less than other care and government sectors.
 - Services cannot grow to meet the needs of their communities if they cannot attract and retain quality staff.
- ▶ The current demand-driven CCS model creates a direct link between wages and parent fees, acting as a disincentive for providers to raise wages.

Commonwealth Government investment in professional wages through the Worker Retention payment has effectively reduced staff turnover and vacancies.

- ▶ Since the introduction of the Worker Retention Payment in August 2024, advertised staff vacancies have reduced by around 13%⁴

Recommendations

- ▶ Support ongoing professional pay for early educators and teachers across both state and federally funded services.
 - Commit to extending the ECEC Worker Retention Payment for two years.
 - Commit to funding the Fair Work Commission’s decision on gender undervaluation in priority awards.

Outcomes

- ▶ Stabilising workforce turnover will reduce a major driver of fee growth for families.
- ▶ A stable consistent workforce reduces the reliance on casual and agency staff, allowing children and families to form secure trusting relationships with educators.
- ▶ The federally funded ECEC Workforce Retention Grant demonstrates the effect of offering professional wages to attract and retain qualified staff.
 - Services reported reduced workforce vacancies and improved retention of qualified staff when payments were available, demonstrating the direct link between professional pay and workforce stability.

⁴ [Jobs and Skills Atlas - Regional Occupation Insights | Jobs and Skills Australia](#)

(f) The role of private for-profit incentives and their impact on childcare quality and safety

Current Issues

- ▶ A diverse early education and care market is necessary to ensure choice, quality and a substantive return on government investment in early childhood development.
- ▶ The introduction of child care fee subsidies and the removal of operational subsidies to the community sector has led to a disproportionate growth in private for-profit provision of early childhood education and care.
 - The ECEC market is incentivised to deliver services that only meet minimum standards in order to maximise the number of licensed places, rather than prioritising children and educators' wellbeing.
- ▶ Large for-profit chains are incentivised to expand rapidly, often prioritising profit through occupancy and scale rather than quality or child outcomes. By contrast, many small for-profit operators reinvest in staff and services in ways that resemble community not-for-profits, and these distinctions should be recognised.
- ▶ Federal child care assistance and the Child Care Subsidy has skewed the rapid expansion of services towards private for-profit services.
 - The for-profit sector has grown by over 30% since 2015, while the community not-for-profit sector has declined by 8%.
 - The for-profit sector now represents 68% of the long day care sector, 48% of the Outside School Hours Care sector and 51% of overall ECEC providers.
 - This growth at the expense of the community not-for profit sector comes at a cost for families, children and the government.
- ▶ Community and small services consistently deliver higher quality early education and care for lower fees, particularly in areas of greatest need.
 - 32% of these providers are rated Exceeding or higher under the National Quality Standard, compared to 22% of large not for profit providers and 12% of for profit providers.
- ▶ The overreliance on for-profit services to meet demand for education and care services has failed to ensure access for all families.
 - This has also created oversupply in communities that have the capacity to support high fees.
 - This growth at the expense of the community not-for profit sector comes at a cost for families, children and governments.
- ▶ Profit incentives also extend to property developers and owners who increase service rents, putting pressure on operators to allocate revenue to rent rather than reinvesting in quality, workforce, or safety. This commercial property model particularly disadvantages small for-profit and community managed services.

- ▶ This imbalance in quality and safety outcomes highlights that government investment achieves stronger returns when directed toward NFP and community-managed services, or small for-profits that demonstrate similar reinvestment approaches.

Recommendations

- ▶ Expand communities' access to the types of early education and care services that local families need by:
 - coordinating capital funds between state and federal governments to deliver the types of early education and care required to meet local community needs
 - funding the development of new community and small services using CELA's Local Champion model (Attachment A)
 - supporting existing community and small services to establish new campuses
 - providing professional and governance support through an Early Childhood Education & Care Business Service Hub to ensure community and small services can focus on high quality service delivery (Attachment B).
- ▶ Support the growth and sustainability of community and small services through access to centralised business support, to reduce administrative burden and increase compliance.
- ▶ Implement a planned provision model, spearheaded through a national ECEC Commission to prioritise service approvals based on community supply needs.

Outcomes

- ▶ State and federal governments can successfully deliver universal high quality early education and care by supporting existing community and small services to remain viable and expand into new communities.
- ▶ Governments can solve market failures and maximise the value of education and care by playing a stewardship role to:
 - support the goals, priorities and workforce needs of local communities
 - grow sustainable ECEC services that reflect the values, cultural identity and needs of local children and families
 - support thousands of parents to return to work
 - promote economic growth via increased workforce participation and ECEC jobs.
- ▶ Planned provision improves efficiency of government funding by ensuring services are fully utilised.

(g) Transparency within the early childhood education and care system, including access to information and data

Current Issues

- ▶ Families do not have access to reliable information to choose safe high quality services.
- ▶ There is limited accessible guidance for families on what quality looks like in practice.
 - Families are often left to interpret NQS ratings without context.
- ▶ As the peak bodies for community and small early education and care providers, CELA and It Takes a Village actively encourages our members to report all incidents that occur at ECEC services.
 - A strong culture of incident reporting is a key element of a robust and effective child safe system.
- ▶ Requirements for providers to notify parents of incidents and investigations need to balance the right to know with procedural fairness and privacy.

Recommendations

- ▶ Establish national guidelines to govern how personal information in incident reporting is managed by regulators to comply with privacy laws and specify permissible use, including safeguards to protect procedural fairness for individuals involved.
- ▶ Provide families with clear, accessible, and practical information on what quality looks like in an ECEC setting, including:
 - consistent staffing and trusting relationships
 - child-led learning and safe physical environments
 - professional staff with ongoing training and development
 - services staffing above minimum ratios when children’s needs require it.

Outcomes

- ▶ Establishing national guidelines for information sharing on incident reporting will ensure:
 - incidents in ECEC services can be examined publicly to improve child safety outcomes without compromising staff privacy and safety
 - educators have the confidence to report incidents.
- ▶ Greater transparency on related providers will empower families to make informed choices about education and care services, helping to rebuild trust in the sector.
 - Families will be empowered with knowledge of what quality looks like, rather than relying on minimum standards or outdated ratings.
- ▶ Governments will maximise return on investment by directing funding toward services with strong compliance and quality outcomes.

(h) The suitability and flexibility of the funding of early education and care across Australia

(i) The choice of care options available to parents and families

Current Issues

- ▶ Australia's early childhood education and care system has not lived up to its potential.
 - The Productivity Commission and ACCC have shown that the Child Care Subsidy is complex for families to access, costly to administer and excludes the children who can benefit most from early childhood education.
- ▶ The introduction of federal child care assistance and the Child Care Subsidy has skewed the rapid expansion of services towards for-profit providers.
 - The for-profit sector has grown by over 30% since 2015, while the not-for-profit sector has declined by 8%.
 - The for-profit sector now represents 68% of long day care, 48% of Outside School Hours Care and 51% of overall early education and care providers.
 - This growth at the expense of the community and small providers comes at a cost for families, children and the government.
- ▶ The current high proportion of for-profit services limits the ability of governments to create a balanced market that prioritises quality, access and affordability for families.
- ▶ Major funding reform is required to ensure governments have effective levers to:
 - Promote high quality practices
 - create a simple affordable system that provides certainty about the cost of ECEC services to families
 - drive workforce growth and improve retention
 - Ensure inclusion for children with disabilities and additional needs
 - slow the growth of cost increases by significantly limiting current drivers, and direct targeting of funding to deliver policy objectives
 - ensure supply of services in all communities
 - achieve the full suite of policy outcomes for children, families and communities.

Recommendations

- ▶ Establish an effective and sustainable funding model that:
 - create a simple affordable system that provides certainty about the cost of education and care services to families

- supports the actual cost of delivering quality early education and care including variations due to location, community demographics and changes in local circumstances
- is flexible, responsive and supports continued sector growth
- ensures quality service delivery at the *Exceeding* level, where the full developmental benefits for children are achieved
- supports services where educator: child ratios need to be higher
- promotes co-design with the sector to ensure service are viable and have the capacity to grow with their communities
- sustains a high-quality qualified workforce at the level required to meet future demand.
- ▶ Establish a new National Partnership Agreement with State and Territory governments to deliver consistent funding across service types to ensure cost is not a barrier to accessing the service type that meets their needs.

Outcomes

- ▶ A funding system that supports high quality and is simple for families will increase participation in education and care.
- ▶ Access to early education and care is the foundation for boosting productivity by supporting vibrant 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.
- ▶ Governments can solve longstanding childcare deserts and maximise the value of education and care by playing a stewardship role to:
 - grow sustainable services that reflect the values, cultural identity and needs of local children and families
 - strengthen Australia’s workforce by supporting parents to return to work
 - promote economic growth via increased workforce participation and professional ECEC jobs.

Attachment A:

CELA's Local Champion Model

State and federal government should support the following four stages required to design and deliver new community managed services. CELA is currently supporting Local Champions to establish new community and small services using this model. Services would receive support to use the Local Champion model via the ECEC Centralised Business Support (see Attachment B).

Stage 1 – 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 2 – Needs Assessment

- ▶ Identify the scope and type of services required, based on demographic analysis and community consultation.
- ▶ Undertake financial modelling based on identified needs of the community.

Stage 3 – Funding

- ▶ Identify and secure infrastructure funding.

Stage 4 – Service Establishment

- ▶ New education and care infrastructure is designed and built under the leadership of the local champion.
- ▶ The local champion identifies the ideal management model e.g. council managed, community managed or tendered to a not for profit provider.
- ▶ The local champion 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.

Attachment B:

ECEC Centralised Business Support

The Commonwealth Government should support the growth and sustainability of community managed services through an ECEC Centralised Business Support program . This would include:

- ▶ governance training, resources and support for management committees and directors including approved provider, governance and compliance obligations
- ▶ professional development and communities of practice specific to particular roles, e.g., Director, Administrative Services, Educational Leader and new educators
- ▶ funding management
- ▶ human resource and payroll management
- ▶ financial management and operational resource support.

Services' engagement with ECEC Centralised Business Support, would be led by a high functioning leader in early education and care who understands the needs of their services and the communities they support.

Access to ECEC Centralised Business Support will ensure:

- ▶ providers can focus on delivering quality services tailored to what local families need
- ▶ providers have access to professional governance, operational resources and support tailored to their needs
- ▶ decisions about early childhood education and care services continue to be made in the interests of local children, families and their community
- ▶ services have access to advice and change management support on government measures, improving the efficiency of implementation.

Existing successful models include the Victorian kindergarten cluster management and Queensland's 'affiliated service' model.