3.Ensuring viability for community and small providers

Community and small providers of early childhood education and care provide crucial services as a centre point for many communities across Australia. We are acutely aware of the important role they play and of their unique challenges and vulnerabilities.

These smaller providers collectively comprise a vital part of our early childhood education and care infrastructure. Most approved providers across Australia are in fact small and community providers, with their services making up over 30% of all early childhood education and care services (ACECQA).

Community providers need better financial support

Research shows that community managed services are more likely to provide high quality early childhood education and care, with over 40% of community managed not for profit services operating at a level which exceeds NQS quality ratings (ACECQA).

However, our small providers do not have the resources or financial reserves of networks of providers. Their capacity to withstand economic shocks is much lower than large service providers.

They are typically unable to cross-subsidise in circumstances where economic shock occurs in a specific geographic region. This lack of security was felt acutely during 2020, when bushfires and COVID-19 meant that many services could not operate, or that they operated on reduced enrolments for prolonged periods of time.

Services expended reserves to keep staff employed during COVID-19. This has placed many in an even more vulnerable position should they be required to accommodate policy priorities that affect their bottom line, or in the event of further economic shock (CELA, Front Project).

These vital smaller services across Australia are more likely to operate in low socio-economic communities, and rural and remote communities. Many are the only early childhood education and care providers in their locale. They cannot benefit from economies of scale found in larger regional centres, can struggle with professional isolation, and yet still ably perform a wide variety of roles as key community service providers (Front Project, unpublished).

Community sector governance faces unique challenges

Our community managed sector is also underpinned by community governance. This involves voluntary committees of parents who have limited time to dedicate to the management of services. In communities where committees turn over regularly, this poses unique challenges to setting and adhering to a long-term vision and strategic plan to secure viability.

CELA is dedicated to supporting community and small providers

CELA is striving to ensure the importance of community and small providers is elevated. Community management provides enormous social benefit within a community, including social connection, utilisation and development of skills within a local community and grass roots empowerment. We recognise the vital role our community and small providers play in the education and nurturing of future generations. We are exploring new ways to ensure they are better supported to remain viable. We will work with aligned peak bodies to collectively advocate for support to ensure viability of our crucial small and community providers.

Viability for community and small providers in brief

Key facts	▶ Community and small providers make up over 30% of all ECEC services. ▶ Community providers more likely to operate in low SES communities and rural and remote communities where there are no economies of scale. ▶ Community and small providers lack capacity to cross subsidise. ▶ Front Project research shows stand-alone services are most likely to be vulnerable to economic shocks. ▶ Community governance model may limit access to expertise.
What changes are we seeking?	▶ Short term viability grants. ▶ Long term funding model based on actual costs of delivery. ▶ Governance models to remove burden from committees whilst keeping community connection.
Actions we are taking	▶ Building a clear evidence base on the costs and benefits of the community based sector. ▶ Collectively advocating for solutions.
What would progress look like?	▶ Creation of a new CELA network offering small and community providers a sense of belonging, a representative voice and economies of scale by belonging to a member body. ▶ Developing and trialling models to improve provider support and build economies of scale