

21 September 2025

Submission to Education and Employment References Committee

State of Australia's early childhood education and care system in rural, regional and remote communities inquiry.

Occasional childcare and neighbourhood houses

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Introduction

Various reforms of the Early Childhood Education and Care (ECEC) system have benefited and will benefit children and working families through:

- Better education outcomes, leading to improved opportunity particularly for children with other barriers to education, through the introduction of three year old kinder and higher professional standards in the ECEC sector.
- Improved economic access by removing barriers to workforce participation.
- Improved pay and career outcomes for early learning professionals.
- Better and safer early education and care through improved Child Safety Standards.

Neighbourhood Houses emerged as safe spaces for women's safety, education and economic empowerment through the first wave feminist movement and the Whitlam government's commitment to women's greater economic participation. As such, our sector strongly supports the various state and federal attempts to reform ECEC.

However, some of these reforms have had unintended consequences that adversely impact the most vulnerable women in our society, creating barriers to core skills acquisition, economic participation, social connection and, in some cases, compromising women's safety. This includes women in rural Victoria where access to occasional early childhood education and care has declined dramatically.

Of the Committee's Terms of Reference, the following are particularly relevant to our sector:

(a) the extent and nature of ECEC service gaps across rural, regional and remote Australia, including long day care, family day care, in-home care, outside school hours care and preschool/kindergarten programs, relative to geographic distribution and community need;

- (b) challenges in attracting, training and retaining a qualified ECEC workforce in these communities, including the role of wages, housing, transport and career development opportunities;
- (c) the effectiveness of the Child Care Subsidy (CCS) in reducing out-of-pocket costs for families with low or variable wages in rural, regional and remote communities, and whether the existing CCS structure reflects the costs and desired models of care in these areas;
- (d) the effectiveness of existing Commonwealth programs and investments aimed at improving ECEC access in rural, regional and remote communities; and
- (f) any other related matters.

This submission outlines these unintended consequences, how they impact equity and accessibility, and explains how they have arisen.

We also make the following recommendations to begin to address the unintended consequences of ECEC reform:

1. Recognise the important role of occasional childcare as an enabler of women's education and social and economic participation, particularly where language or digital skills are a barrier.
2. That the Commonwealth more accurately identify areas (particularly in rural and regional areas) where the Commonwealth Childcare Subsidy is insufficient to sustain occasional community-based care.
3. That the Commonwealth Government urgently implement recommendations 5.2 and 7.4 of the Productivity Commission's report 'A path to universal early childhood education and care'.
4. Expand the Community Child Care Fund funding pool and relax eligibility criteria to ensure rural OCC providers have access to the fund, particularly for sustainability.
5. That the Commonwealth and State governments work together to establish a funding mechanism to ensure the sustainability of community-based occasional care in thin markets including rural communities.

Neighbourhood houses and ECEC

Neighbourhood Houses were founded largely by women in the 1970s for the express purpose of improving women's wellbeing, safety and economic participation. From these grassroots beginnings, the Neighbourhood House sector in Victoria has grown to more than 400 neighbourhood houses serving 190,000 Victorians per week.

For many years, early childhood education and care was a core offering of nearly all neighbourhood houses as it was recognised as a key barrier to women's economic participation and safety. In addition to ECEC provision to enable women to access paid work, there was a focus on occasional care as an enabler of participation in learning and social connection opportunities in Neighbourhood Houses.

Occasional care which is regulated by the Victorian State Government has been an important part of the ECEC landscape for decades. Importantly, as noted by the Victorian Early Childhood Regulatory Authority, most regulatory requirements for limited hours and occasional care services are the same as those for services under the National Quality Framework (NQF).

There is an important distinction to be made between neighbourhood houses and other community organisations who provide occasional childcare under Victorian Government regulation and for-profit organisations like fitness centres or resort/hotel complexes that provide child minding.

Despite this, occasional ECEC is often completely overlooked in the Commonwealth ECEC policy decision making. It is notably missing from the terms of reference from this enquiry despite the large numbers of families reliant on this form of ECEC.

The importance of occasional ECEC to improve women's economic participation

Since inception, most neighbourhood houses offered occasional (sometimes referred to as 'sessional' childcare) to enable women to participate in Neighbourhood House services and activities.

There is a misperception that occasional care has the primary purpose of allowing parents to 'take a break'. The State Government's own website describes it as, "designed to allow parents to get some rest or exercise, or attend an appointment or job interview."

This is not the key driver for neighbourhood houses to provide ECEC: this service is provided to enable vulnerable women acquiring foundational skills to improve inclusion and participation, and in many cases to advance to more vocational training. In many cases, women who need it most would not be able to access these services due to care responsibilities.

This is particularly true of women for women with language or technology barriers.

In addition, many neighbourhood houses have used occasional care as a way of supporting women in cases of domestic and family violence or family breakdown. Occasional places allow women to attend court dates, meet with social workers or parole supervisors or undertake family mediation.

Increasingly occasional care is used to enable women to participate in employment.

Occasional care is also an important child safety measure that enables women to attend court or mediation sessions, access AOD services, or seek safety in domestic and family violence situations without having to exposure children to these processes, which can be traumatic.

Unfortunately, the move to rely on the CCS as the key funding mechanism and the withdrawal of state-based funding for community-based occasional care has severely challenged sustainability.

Long term decline of rural Neighbourhood House provision of ECEC

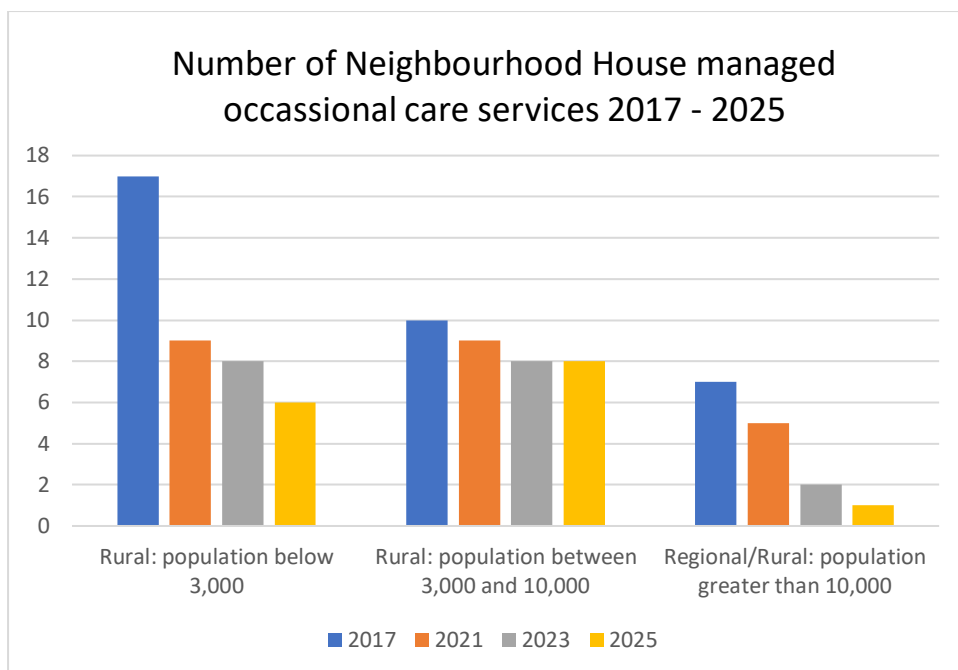
The number of Neighbourhood Houses providing ECEC has declined over 15 years from 160 to just 71 in 2025.

In 2017, prior to the introduction of the CCS, 34 rural Neighbourhood Houses provided occasional ECEC with a further 4 providing long day care. Notably, 50% of those providing occasional ECEC were in rural communities with a population of less than 3,000.

By 2025, just 16 providers of occasional care, and 4 long day care providers remained. Eight of those that ceased operation were located in postcodes in the lowest 30% of the Index of Relative Socioeconomic Disadvantage (IRSD) for Victoria.

Just one provider transitioned from occasional to long day care.

The chart below shows occasional ECEC decline over time by the size of community from 2017 to 2025.



Of the remaining ECEC 20 rural providers, 10 are the lowest 30% of the Index of Relative Socioeconomic Disadvantage (IRSD) for Victoria and 6 are in small country towns.

Forces driving neighbourhood houses out of occasional care

Child Care Subsidy expansion	- State funding for ECEC has been removed and the Commonwealth child care subsidy (CCS) has been designated the single funding instrument. - CCS only works for large, long-hours ECEC providers. The economics do not meet the fixed costs of smaller, shorter hours providers because they are based on an hourly subsidy. - The requirement to be open 48 weeks for CCS eligibility and therefor any other related grant scheme has been a barrier for some who ran a 40 week program aligned to educational terms. - Expansion of three year old kinder and long hours coverage leading to difficulty recruiting qualified staff for occasional care.
Three year old kinder	- The introduction of three year old kinder has exacerbated workforce issues. - It has skewed demand to younger groups, which require higher staffing ratios without additional funding or increased willingness/ability of families to pay.
Improved child safety standards	- Improved standards, while welcome, increase compliance costs and for many neighbourhood houses give rise to capital requirements due to new minimum metreage requirements. - While NHVic is a strong supporter of cultural safety guidelines for indigenous children (and is providing comprehensive training to the sector), this is an additional cost with no equivalent funding increase.

Family day care is not a replacement

While family daycare plays a valuable role and is the care of choice for some parents, it is not an equal replacement for centre-based occasional care. In Victoria, occasional care providers that are regulated through the Victorian Government are required to have Diploma qualified educators on site. This has positive implications for educational programming and, importantly, in early identification of potential developmental delays. The importance of early detection for improved long-term outcomes is well documented.

In September 2024, the Productivity Commission released its report '**A path to universal early childhood education and care**' following a request from the Albanese Government to investigate productivity gains from universal ECEC.

Echoing a submission from Neighbourhood Houses Victoria, the Productivity Commission included the following recommendation:



Recommendation 7.4

Support occasional care for those most in need

A small pool of funds should be available through the ECEC Development Fund (recommendation 5.2) to support occasional care services attended by families experiencing high levels of disadvantage and/or vulnerability and for whom alternative options are not available. Both CCS-approved and non-CCS-approved services should be eligible to apply. Depending on services' CCS status, this funding could either be supplementary to the CCS, or instead of the CCS (in which case, the funding amount would likely need to be higher).

The Australian Government Department of Education should engage with occasional care services and the ECEC sector more broadly to determine the appropriate form of this funding, eligibility and other requirements. At a minimum, this should include:

- requirements for services to demonstrate they are providing, or will provide, occasional care to families experiencing high levels of disadvantage and/or vulnerability and for whom alternative options are not available. Other families, such as those working variable hours, should also be permitted access to places funded by the Development Fund where there are vacancies, but the focus and first priority for funded places should be families experiencing disadvantage and/or vulnerability
- requirements for services to demonstrate other funding options are not available or have been exhausted
- appropriate mechanisms such that funding is not provided to centre-based day care services predominantly providing regular bookings of 'long day care'.

Community Child Care Fund

Community Child Care Fund (Sustainability Fund) has been a lifeline for a small number of rural Neighbourhood Houses, this year they have had their applications rejected. NHVic agrees with the Productivity Commissions view that The CCCS is overly restrictive in eligibility, and the total pool size is inadequate. The loss of CCCS funding for Neighbourhood Houses will lead to their closure based on the financial viability of the affected services and the track record of the impact of shocks affecting viability over the last 15 years.

Capital investment

Occasional ECEC providers under Victorian Government regulation have usually failed to meet national requirements due to infrastructure, including availability or size of outdoor areas. The premises are usually owned by councils. Given the likelihood that private investment is unlikely to be profitable, the onus to provide premises will remain with councils and occasionally, the NFP provider. Understandably, councils are reluctant to invest in new ECEC facilities or expanding existing ones.

The Productivity Commission made the following recommendation to address the barrier posed by upfront capital costs in markets where cost recovery is unlikely:



Recommendation 5.2

Support universal access in persistently thin markets via an ECEC Development Fund

To ensure that at least 30 hours or three days a week of quality ECEC is available for 48 weeks of the year for all children aged 0–5 years whose families wish for them to participate, the Australian Government should provide additional support in markets where it is clear that ECEC providers are unlikely to invest, even with the changes recommended by this inquiry.

This support could take the form of:

- grant funding or low-interest loans to establish a service in communities that are able to cover the operating costs of a service (such as wages, rent and other overheads) via Child Care Subsidies and families' out-of-pocket gap fees, but expected earnings would not cover the capital costs of building, repurposing or expanding physical facilities
- block grants to cover capital and operating costs in communities where the level of demand is too low to support all of the costs of operating a service. Funding in these markets should generally be ongoing and enable a baseline level of provision, with periodic review to determine if a service can be self-sustaining with Child Care Subsidies. Ongoing funding could also mean that existing grants are reassessed (including scope for changing providers) without an onerous process of re-application
- specific arrangements for Aboriginal community-controlled organisations to be co-designed with Aboriginal and Torres Strait Islander communities.

The Australian Government should use a process of competitive tendering or commissioning to provide services in markets where community representatives do not apply for grants. This process should:

- be open to all prospective service providers, not just incumbent providers in a given area
- be open to centre-based day care, family day care and mobile care providers, depending on the needs of the community
- consider the quality of other services operated by prospective providers and give preference to those who have been at least Meeting the National Quality Standard
- strongly prefer not-for-profit providers where a service is completely or substantially directly funded by government.

In some cases, the current requirement for a capital co-contribution of 50% can be a significant barrier to potential providers entering a market and should be waived on a case-by-case basis. An advisory program should be established that works with community representatives and enables them to get the support they need.

Ownership of facilities established by communities should remain in community hands. Ownership of other services should be retained by the Australian Government.

Workforce

Anecdotally, the greatest workforce challenge for Neighbourhood House occasional care providers is created by system instability. While workforce shortages are a serious concern, security of

employment is threatened when system change that does not adequately consider the impact on occasional care providers occur. For example, the implementation of the Worker Retention Payment created a challenge for Neighbourhood House occasional care providers due to technicalities relating to the Collective Agreement covering most workers. This created a long period of uncertainty where employees had to consider the implication of potentially being unable to access the payments.

Access to relief staff remains a challenge in rural areas which can further reduce viability if rooms are shut down due to inability to meet ratios in the event of staff illness etc.

Many Neighbourhood Houses report a stable workforce as workers prefer the community nature of their workplace.

Recommendations

1. Recognise the important role of occasional childcare as an enabler of women's education and social and economic participation, particularly where language or digital skills are a barrier.
2. That the Commonwealth more accurately identify areas (particularly in rural and regional areas) where the Commonwealth Childcare Subsidy is insufficient to sustain occasional community-based care without additional financial support.
3. That the Commonwealth Government urgently implement recommendations 5.2 and 7.4 of the Productivity Commission's report 'A path to universal early childhood education and care'.
4. Expand the Community Child Care Fund funding pool and relax eligibility criteria to ensure rural OCC providers have access to the fund, particularly for sustainability.
5. That the Commonwealth and State governments work together to establish a funding mechanism to ensure the sustainability of community-based occasional care in thin markets including rural communities.

Appendix I: Rural Neighbourhood Houses who have exited childcare since 2011

2011	Red Cliffs Community Resource Centre
2012	Cann River Community Centre
2012	Creswick Neighbourhood Centre
2012	Crib Point Community House Inc
2012	Haddon Community Learning Centre
2012	Nathalia Community House
2013	Castlemaine Community House
2013	Deans Marsh Community Cottage
2013	Swan Hill Community House Inc
2014	Sale Neighbourhood House Inc.
2016	Gormandale Community House & Learning Centre Inc
2018	Bass Valley Community Group Inc
2018	Kallista Community House Inc
2019	Baranduda Community Centre
2019	Darley Neighbourhood House & Learning Centre
2019	Mooroopna Education and Activity Centre
2019	Open Door Neighbourhood House
2019	Port Fairy Community House
2019	Springdale Neighbourhood Centre
2020	Meredith Community Centre
2020	Selby Community House
2021	Moe Neighbourhood House Inc
2022	Goonawarra Neighbourhood House Inc.
2022	Wallan and District Community Group
2023	Bandiana Neighbourhood House Inc.
2023	Murtoa and District Neighbourhood House
2023	Rosedale Neighbourhood House
2023	Lara Community Centre
2024	Community Centre Swifts Creek
2025	Anakie and District Community Group Inc