



Australian Government  
Department of Education

# Australian Government Department of Education Submission to Education and Employment References Committee Inquiry

Quality and Safety of Australia's Early Childhood  
Education and Care System—October 2025





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# 1. Introduction

1. The Australian Government Department of Education (the department) welcomes the Senate Education and Employment References Committee's inquiry into the quality and safety of Australia's early childhood education and care (ECEC) system.
2. As work continues to strengthen Australia's ECEC system, the Australian Government recognises that the vast majority of early childhood educators and teachers are dedicated professionals – doing the important work of educating and caring for our youngest children in Australia.
3. All governments have a responsibility to ensure the safety and wellbeing of children in ECEC settings. To this end, the Australian Government is working closely with states and territories to enhance safety and quality across ECEC services.
4. The Australian Government also recognises that ECEC is part of a broad early years system that currently has many separate but connected parts to support children's learning and development, and that all levels of government have responsibility for improving the wellbeing of children and families in Australia.

## Overview of Australia's early childhood education and care system

5. Australia's ECEC system is designed to support the education, development, and care needs of children, and help prepare them for school. It also plays an important role in helping families, particularly women, to re-engage in work or learning during their children's early years.
6. Australia's ECEC system is large and complex, comprising 2 main types:
  - Child Care Subsidy (CCS)-approved services – which focus on early learning and care for children aged 0 to 12 years, including centre-based day care (CBDC), outside school hours care (OSHC), family day care (FDC), and in home care (IHC), as shown in **Table 1**.
  - Dedicated preschool services – which exclusively deliver preschool programs to children in the year or 2 years before school. These services tend to operate for shorter hours and observe school holidays.

**Table 1: Number of services by care type and state and territory (as at June quarter 2025)<sup>1,2</sup>**

Care type	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	Australia
CBDC	3,673	2,133	1,947	537	928	143	125	198	<b>9,684</b>
OSHC	1,603	1,497	833	404	528	121	58	104	<b>5,148</b>
FDC	112	109	77	15	29	<10	<10	<10	<b>355</b>
IHC <sup>3</sup>	10	<10	<10	<10	<10	-	-	-	<b>27</b>
<b>Total</b>									<b>15,214</b>

<sup>1</sup> Australian Government Department of Education (DoE), [Child Care Subsidy data tables - June Quarter 2025](#) [data set], DoE website, 2025, accessed 23 September 2025.

<sup>2</sup> IHC data: DoE, [unpublished data], accessed 23 September 2025.

<sup>3</sup> IHC data is based on the location of the service (which may include the service provider head office) and may not reflect where care is provided. Some state and territory data has been de-identified due to legislative constraints.

7. In the June quarter 2025, over 1.4 million children from over 1 million families attended a CCS-approved service.<sup>4</sup> This included over 66,000 First Nations children.<sup>5</sup>
8. The governance and oversight of the ECEC system is shared across different levels of government, with national coordination supported through key ECEC intergovernmental arrangements.
  - The Education Ministers Meeting (EMM), attended by education and early childhood ministers from the Australian, state and territory governments, serves as a 'forum for national cooperation on ECEC, school education, higher education and international education'.<sup>6</sup>
  - The EMM is primarily supported by the Australian Education Senior Officials Committee (AESOC), a group of senior officials responsible for school education, early childhood education, higher education, and international education, who are directly responsible to EMM for implementing its decisions.<sup>7</sup>
9. The Australian Government supports families to meet the cost of ECEC. This is primarily achieved through the CCS, along with targeted support under the Child Care Safety Net which includes:
  - Additional CCS
  - the Community Child Care Fund (including Connected Beginnings)
  - the Inclusion Support Program (see **Chapter 9** for more detail).
10. In 2024–25, the Australian Government is estimated to have spent \$15.4 billion on the CCS program and is projected to spend \$16.2 billion in 2025–26.<sup>8</sup>
11. The Australian Government has also provided \$1.9 billion in funding from 2022 to 2025 under the Preschool Reform Agreement to support all children to access 15 hours of quality preschool a week, in the year before full-time school. This funding supports around 342,000 children each year.
12. While the Australian Government provides funding to support preschool access, state and territory governments are primarily responsible for its delivery.
13. Preschool programs are structured, play-based learning programs delivered by early childhood teachers, predominantly to children in the year before full-time school. They can be delivered in dedicated preschools (either standalone or attached to a school) or within CBDC settings. Preschool delivered in CBDC settings can attract the CCS but preschool in dedicated settings does not.
14. The department leads the development and implementation of ECEC policies and programs, including the administration of the Family Assistance Law (FAL). It collaborates with other

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<sup>4</sup> DoE, [Child Care Subsidy data report – June quarter 2025](#), DoE website, 2025, accessed 23 September 2025.

<sup>5</sup> DoE, [Child Care Subsidy data report – June quarter 2025](#), DoE website, 2025, accessed 23 September 2025.

<sup>6</sup> DoE, [Education Ministers Meeting Terms of Reference](#), DoE website, 2021, accessed 17 September 2025.

<sup>7</sup> DoE, [Australian Education Senior Officials Committee Terms of Reference](#), DoE website, 2021, accessed 17 September 2025.

<sup>8</sup> DoE, [2025-26 Education Portfolio Budget Statements](#), DoE website, 2025, accessed 8 September 2025. Note – the CCS program includes the Additional CCS, and legacy programs Child Care Benefit and Child Care Rebate.

agencies – such as Services Australia, which manages the assessment and payment of CCS entitlements, and the Department of Social Services, which oversees a range of early childhood development policies.

15. The FAL governs the provision of financial support to families using CCS-approved services. It is a collective term that covers Commonwealth primary legislation and legislative instruments. Primary legislation under the FAL includes *A New Tax System (Family Assistance) Act 1999* and *A New Tax System (Family Assistance) (Administration) Act 1999*. Legislative instruments include the CCS Minister's Rules 2017 and the CCS Secretary's Rules 2017.
16. The *Education and Care Services National Law Act 2010* (the National Law) and the Education and Care Services National Regulations (the Regulations) set nationally consistent standards for the operation of services. The National Law is state and territory law. The National Law and the Regulations operate under an applied law system that aims to create a nationally consistent approach to regulating ECEC services.
17. Changes to the National Law and the Regulations must be agreed by all education ministers. Agreed changes are drafted by the Victorian Government in collaboration with other state and territory governments, approved by the Victorian Government and passed by the Victorian Parliament on behalf of all governments. Other jurisdictions then enact legislation to apply the National Law as a law of their own jurisdiction, or by passing a corresponding law that is consistent with Victoria's law, as is the case with Western Australia.
18. The FAL, the National Law, and the Regulations, form the legislative and regulatory framework for the ECEC system.

## Safety and quality in early childhood education and care

19. The National Law and the Regulations support the implementation of the National Quality Framework (NQF) and promote continuous improvement and accountability across the ECEC system. The NQF ensures a consistent and comprehensive national regulatory system is in place across the country to ensure the safety, health and wellbeing of all children attending an approved ECEC service. It is designed to support ECEC services in meeting their obligations to provide a child safe environment and minimise the risk of harm and hazard to children (see **Chapter 2** for more information on the NQF).
20. The Australian Government provides ongoing funding to the Australian Children's Education and Care Quality Authority (ACECQA), an independent national authority established by education ministers under the National Law. ACECQA assists state and territory governments – which are responsible for regulation of ECEC within their jurisdictions – in administering the NQF. ACECQA also has responsibility for monitoring and promoting the consistent application of the NQF and supporting the children's education and care sector to improve quality outcomes for children. Funding is provided at 3-year intervals, with the current funding agreement providing \$53 million from 1 July 2023 to 30 June 2026.
21. The Australian Government also funds ACECQA to administer the Starting Blocks website, which displays up-to-date information on ECEC services including fees, vacancies, inclusions and CCS status, and conditions imposed on services, helping parents and guardians make more informed choices on where to enrol their children (see **Chapter 8** for more information).

22. The Australian Government is committed to the safety and protection of children in Australia. This includes its work under the *National Strategy to Prevent and Respond to Child Sexual Abuse 2021–2030*,<sup>9</sup> which provides a coordinated approach for preventing and responding to child sexual abuse in all settings, including in organisations, within families, and online.
23. A range of measures are being delivered under the *National Strategy to Prevent and Respond to Child Sexual Abuse 2021–2030* – for example, the Attorney-General's Department is leading and promoting the National Principles for Child Safe Organisations, which set out a nationally consistent standard for organisational cultures and practices that promote the safety and wellbeing of children in Australia.
24. Together with state and territory counterparts, the Australian Government takes the safety, health and wellbeing of every child seriously, and is committed to ensuring that ECEC providers embed a child safe culture. This includes one that is responsive to community-specific needs, including cultural safety for First Nations communities. Reporting from the Organisation for Economic Co-operation and Development acknowledges that child safety is a core part of ECEC quality, and that this includes components such as children-to-staff ratios, group sizes, and staff training and education.<sup>10</sup>
25. Governments are progressing targeted measures to help ensure every child can learn and thrive in a safe environment and deliver a coordinated approach to make ECEC settings safer, more transparent, and more accountable.
26. On behalf of all governments, ACECQA completed the *Review into Child Safety Arrangements under the National Quality Framework*<sup>11</sup> (Child Safety Review), released in December 2023. The Australian Government has been working with states and territories to respond to these recommendations. Actions include:
  - on 1 July 2024, ACECQA released the National Model Code and Guidelines to promote a child safe culture when it comes to taking, sharing and storing images of children in ECEC
  - in January 2025, the Australian Institute for Teaching and School Leadership released new materials to support early childhood teachers to apply the Australian Professional Standards for Teachers in non-school settings
  - from 1 September 2025, regulatory changes came into effect to:
    - report incidents or allegations of physical or sexual abuse within 24 hours
    - require ECEC services to be free from vaping substances and devices
    - require services to have policies and procedures in place about the safe use of digital technologies while working directly with children. This includes banning or restricting the use of personal mobile phones.

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<sup>9</sup> National Office for Child Safety (NOCS), [The National Strategy to Prevent and Respond to Child Sexual Abuse](#), NOCS website, n.d., accessed 30 September 2025.

<sup>10</sup> Organisation for Economic Co-operation and Development (OECD), [Reducing Inequalities by Investing in Early Childhood Education and Care](#), OECD website, 2025, accessed 25 September 2025.

<sup>11</sup> Australian Children's Education and Care Quality Authority (ACECQA), [Review of Child Safety Arrangements under the National Quality Framework: Findings and recommendations for the NQF and inter-related child safety mechanisms](#), ACECQA website, 2023, accessed 9 September 2025.



27. Public consultation on further regulatory and non-regulatory actions in response to the Child Safety Review recommendations closed on 11 June 2025. The findings and recommendations from this were considered by education ministers at their meeting on 22 August 2025 (Special Purpose EMM).
28. Child safety was the focus of this meeting, where it was announced that the Australian Government, in coordinated action with states and territories, will invest up to \$189 million to strengthen safety and quality in ECEC settings. See **Chapters 2 and 3** for detailed national actions from this meeting.
29. This investment will also enable the Australian Government to work better with states and territories to regulate the ECEC system by accelerating the national rollout of the Joint Compliance and Monitoring Program, which enables the sharing of data with states and territories, and joint regulatory action to target shared and joint risks. This measure includes funding to streamline the provision of CCS data to state and territory regulators to enable better joined-up regulation.
30. The investment further supports the Australian Government to implement the legislative reforms passed in July 2025 to strengthen the CCS regulatory environment through:
  - ensuring quality and safety is a paramount consideration when assessing CCS provider approval applications
  - ensuring quality and safety is a paramount consideration for maintaining ongoing CCS provider and service approval, meaning providers or services who do not meet this consideration can be subject to compliance action
  - expanding the Secretary's power to publicise actions taken against providers
  - strengthening powers of entry of authorised persons to enable them to conduct unannounced service visits and spot checks to ensure compliance with the FAL.
31. The Australian Government's investment builds on those made by individual jurisdictions to bolster regulatory capacity and to improve child safety in ECEC settings – for example:<sup>12</sup>
  - **New South Wales** – an additional \$55 million to boost frontline staff, increase compliance visits beyond the 9,000 completed last year, and fund CCTV and technology to protect children and maintain quality services.
  - **Victoria** – an initial \$42 million to establish a new regulator that will more than double the frequency of compliance checks, strengthen the Social Services Regulator with new powers, and remove silos to weed out predators.
  - **South Australia** – an additional \$21.8 million, on top of the \$7.1 million delivered in 2023, to increase the frequency of assessment and ratings of ECEC services and for increased compliance visits.
  - **Queensland** – an additional \$12.7 million over 4 years for the Early Childhood Regulatory Authority, and a further \$20 million for Queensland's early childhood workforce strategy to address challenges attracting, developing and retaining a highly skilled workforce.

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<sup>12</sup> As at 22 August 2025, the date of the EMM Special Purpose meeting, and as outlined in the [EMM Communiqué](#).



- **Western Australia** – \$1.1 million to bolster the capacity of the Western Australian Department of Communities' Education and Care Regulatory Unit, and urgent progression of the Education and Care Services National Application Bill 2025.
  - **Northern Territory** – further work to identify opportunities to strengthen child safety in ECEC settings, with a particular focus on enhancing mandatory child safety training for all personnel working in early childhood environments.
  - **Tasmania** – over \$240 million to support the response to the Commission of Inquiry into the Tasmanian Government's response to institutional child sexual abuse – initiatives which include establishing the Office of the Independent Regulation and a Childsafe Framework.
  - **Australian Capital Territory** – the Children's Education and Care Assurance (CECA) regulator to implement a "No card no start" policy for all new ECEC staff and moving to unannounced audits for all services in CECA's annual audit program.
32. At the Special Purpose EMM, ministers also agreed to a range of legislative reforms, including making the safety, rights and best interests of children the paramount consideration under National Law. An expedited legislative process was agreed for changes stemming from the Child Safety Review and this is being progressed by Victorian officials with the support of all jurisdictions.
33. The department continues to work with relevant agencies on related actions, including with the Attorney-General's Department on WWCC reforms.
34. On 15 August 2025, the Standing Council of Attorneys-General agreed to drive reforms to WWCCs to improve the safety of children across Australia. Attorneys-General, in cooperation with other responsible state and territory ministers, are working to strengthen WWCCs as a matter of priority, focusing on:
- urgently working towards implementation, by the end of 2025, of mutual recognition of negative WWCC decisions, which means a person denied a WWCC in one jurisdiction cannot be granted or hold a WWCC in another jurisdiction
  - strengthening and improving consistency for a national approach to WWCCs, based on mutual recognition, including strengthening WWCC assessment frameworks and exclusion criteria
  - removing barriers to information sharing.
35. The Australian Government also committed to establish a National Continuous Checking Capability, to provide continuous, near-real time monitoring of national changes to criminal history information of WWCC holders.
36. The Australian, state and territory governments are working together to deliver on the agreed actions immediately and are committed to supporting families and ECEC stakeholders through reforms to strengthen child safety and quality in ECEC.
37. The department will play a key role engaging with ECEC stakeholders in support of these reforms. This includes through the ECEC Reference Group (ECECRG), a key consultative forum which enables feedback and coordination on policy and program issues and implementation, and through the Early Childhood Care and Development Policy Partnership (ECCDPP) established under the National Agreement on Closing the Gap (see **Chapter 2** for more information).

38. This submission responds to the Senate Education and Employment References Committee Inquiry Terms of Reference by providing an overview of Australia's ECEC regulatory framework, reforms underway to strengthen regulatory settings, and key issues impacting the quality and safety of ECEC delivery.

## 2. The health and safety of children in childcare services across the country

The wellbeing and safety of children in all early childhood education and care (ECEC) settings is of paramount importance to all governments and is a foundational pillar for building a universal early education system that supports families and gives children the best possible start in life.

In the final report of its inquiry into Australia's ECEC system, the Productivity Commission observed:

There is no single definition of 'quality' in ECEC, but it is often assessed by how a service both protects the safety and wellbeing of children, and supports children's education and development (with child safety being the prerequisite for learning and development).<sup>13</sup>

Children's health and safety needs are diverse and can vary based on age, cultural background and individual circumstances. Noting this, it is important to recognise that a one-size-fits-all approach is not sufficient to ensure every child's wellbeing is supported.

### The National Quality Framework

Established in 2012, the NQF is a robust regulatory scheme with a strong focus on continuous quality improvement to ensure children are safe, healthy and thriving in approved education and care services.<sup>14</sup> Highly regarded internationally,<sup>15</sup> the NQF provides a national approach to regulation, assessment, and quality improvement for ECEC services, with the health, safety and wellbeing of children attending approved services its first and foremost objective. The Organisation for Economic Co-operation and Development (OECD) *Starting Strong: Reducing Inequalities by Investing in Early Childhood Education and Care* report also highlights that mechanisms such as the NQF are important for raising overall levels of quality and reducing variability within the ECEC assurance system.<sup>16</sup>

The NQF, including through its guiding principles,<sup>17</sup> places strong emphasis on inclusive and culturally safe care, ensuring that services can respond to the diverse needs of children. The NQF comprises several components, including:

- **Education and Care Services National Law Act 2010** – establishes a national standard for ECEC across Australia and requires services to have a range of safety measures in place

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<sup>13</sup> PC, '[A path to universal early childhood education and care: Inquiry report – volume 2](#)', PC, Australian Government, 2024, p 476 accessed 15 September 2025.

<sup>14</sup> Australian Children's Education and Care Quality Authority (ACECQA), '[Review of Child Safety Arrangements under the National Quality Framework: Findings and recommendations for the NQF and inter-related child safety mechanisms](#)', ACECQA website, 2023, accessed 9 September 2025.

<sup>15</sup> Centre for Policy Development (CPD), '[A brief history of Commonwealth government involvement in early childhood education and care in Australia](#)', CPD website, 2023, accessed 24 September 2025; Kagan, S. L., *The Early Advantage 1: Early Childhood Systems That Lead by Example: A Comparative Focus on International Early Childhood Education*, Teachers College Press, New York, 2018, accessed 24 September 2025.

<sup>16</sup> OECD, '[Reducing Inequalities by Investing in Early Childhood Education and Care](#)', OECD website, 2025, accessed 25 September 2025.

<sup>17</sup> ACECQA, '[Guide to the National Quality Framework](#)', ACECQA website, 2025, accessed 4 September 2025.

- **Education and Care Services National Regulations** – supports the National Law by setting out specific operational requirements for ECEC services (for example, minimum qualifications and educator-to-child ratio requirements)
- **National Quality Standard (NQS)** – sets out 7 quality areas which regulatory authorities assess services against
- **Approved learning frameworks** – 2 national frameworks that support and promote children's learning, and which services must deliver their education programs in accordance with:
  - *Belonging, Being and Becoming: The Early Years Learning Framework for Australia* (for children aged 0 to 5)
  - *My Time, Our Place: Framework for School Aged Care in Australia* (for school-aged children).

## Overview of the National Quality Standard

The NQS comprises 7 'quality areas' that underpin better health and education outcomes for children (see **Table 2**). Services are assessed and rated against the NQS by their relevant state or territory regulatory authority, receiving both individual quality area ratings as well as an overall quality rating (see **Table 3**).

Quality areas are important for children's safety,<sup>18</sup> and contribute to embedding a child safe culture within a service. Approved providers must create and maintain a child safe culture in their service.<sup>19</sup>

In response to the *Review into Child Safety Arrangements under the National Quality Framework* (Child Safety Review), from 1 January 2026, child safety will be explicitly embedded in Quality Area 2 (children's health and safety) and Quality Area 7 (governance and leadership).

**Table 2: NQS – quality areas<sup>20</sup>**

Quality Area	Overview
Quality Area 1 – Educational program and practice	Educational program and practice of educators are child-centred, stimulating and maximise opportunities for enhancing and extending each child's learning and development.
Quality Area 2 – Children's health and safety	Children have the right to experience quality education and care in an environment that safeguards and promotes their health, safety and wellbeing.
Quality Area 3 – Physical environment	Physical environment is safe, suitable and provides a rich and diverse range of experiences that promote children's learning and development.
Quality Area 4 – Staffing arrangements	Qualified and experienced educators, who develop warm, respectful relationships with children, create predictable

<sup>18</sup> DoE, '[National Child Safety Review Decision Regulation Impact Statement](#)', DoE website, 2025, accessed 9 September 2025.

<sup>19</sup> ACECQA, '[NQF Child Safe Culture Guide](#)', ACECQA website, 2025, accessed 9 September 2025.

<sup>20</sup> ACECQA, '[National Quality Standard](#)', ACECQA website, n.d., accessed 9 September 2025.

	environments and encourage children's active engagement in the learning program.
Quality Area 5 – Relationships with children	Relationships with children are responsive, respectful and promote children's sense of security and belonging.
Quality Area 6 – Collaborative partnerships with families and communities	Collaborative relationships with families are fundamental to achieving quality outcomes for children, and community partnerships based on active communication, consultation and collaboration are essential.
Quality Area 7 – Governance and leadership	Effective leadership and governance of the service contributes to quality environments for children's learning and development. Effective leaders establish shared values for the service and set clear direction for the service's continuous improvement.

**Table 3: NQS – quality ratings<sup>21</sup>**

NQS Rating	Description
Excellent	<ul style="list-style-type: none"> <li>Service promotes exceptional education and care, demonstrates sector leadership and is committed to continually improving.</li> <li>Awarded by ACECQA.</li> <li>Services rated Exceeding NQS in all quality areas may choose to apply for this rating.</li> </ul>
Exceeding NQS	<ul style="list-style-type: none"> <li>Service goes beyond the requirements of the NQS in at least 4 of the 7 quality areas, with at least 2 of these being quality areas 1, 5, 6, or 7.</li> </ul>
Meeting NQS	<ul style="list-style-type: none"> <li>Service meets the NQS.</li> <li>Service provides quality education and care in all 7 quality areas.</li> </ul>
Working Towards NQS	<ul style="list-style-type: none"> <li>Service provides a safe education and care program.</li> <li>There are one or more areas identified for improvement.</li> </ul>
Significant Improvement required	<ul style="list-style-type: none"> <li>Service does not meet one of the 7 quality areas or a section of the legislation and there is a significant risk to the safety, health and wellbeing of children.</li> <li>The regulatory authority will take immediate action.</li> </ul>

ACECQA publishes quarterly *NQF Snapshots*<sup>22</sup> which are made available online and provide an overview of service quality under the NQF. The snapshots include data on the number of services assessed and their ratings against the NQS. They also break down quality ratings by service type, jurisdiction, and the 7 quality areas, helping to track trends across the ECEC system.

<sup>21</sup> ACECQA, [Assessment and rating process](#), ACECQA website, n.d., accessed 9 September 2025.

<sup>22</sup> ACECQA, [NQF Snapshots](#), ACECQA website, n.d., accessed 12 September 2025.

## Closing the Gap

ECEC services must embed a culturally safe environment for First Nations children. This is an environment where they feel comfortable and safe being themselves, expressing culture, spiritual beliefs, knowledge systems and are supported by educators that respect and encourage their sense of identity.

### National Agreement on Closing the Gap

Increased access by First Nations children to high-quality and culturally appropriate ECEC will make an important contribution to the National Agreement on Closing the Gap (National Agreement) Outcomes 3 and 4:

- Outcome 3: Aboriginal and Torres Strait Islander children are engaged in high-quality, culturally appropriate early childhood education in their early years.
- Outcome 4: Aboriginal and Torres Strait Islander children thrive in their early years.

By achieving National Agreement Outcomes 3 and 4 there are likely to be longer-term benefits that support other education outcomes in the National Agreement, such as Outcome 5 (students achieve their full potential) and Outcome 7 (young people are engaged in employment or education).

The *National Aboriginal and Torres Strait Islander Early Childhood Strategy 2022–2032* developed in partnership with SNAICC – National Voice for Our Children (SNAICC) sets the vision that First Nations children are born healthy and remain strong, nurtured by strong families and thrive in their early years. It also acknowledges that the ECEC system must recognise and prioritise the importance of strong and meaningful relationships with family, kin and culture for First Nations children to thrive.

### Partnerships with First Nations peaks

The Australian Government Department of Education (the department) is committed to the National Agreement and improving outcomes for First Nations people. The Australian, state and territory governments, are committed to the Early Childhood Care and Development Policy Partnership (the ECCDPP) established under the National Agreement.

Through the ECCDPP, governments are working with First Nations parties to develop a joined-up approach to policy development, spanning a breadth of issues including ensuring all First Nations children are engaged in high-quality, culturally appropriate early childhood education in their early years. The ECCDPP is co-chaired by SNAICC and the department. The Australian Government has committed \$21.6 million to the ECCDPP until June 2028.

In March 2025, the department formalised its commitment to shared decision-making through partnership agreements with SNAICC<sup>23</sup> and the National Aboriginal and Torres Strait Islander Education Corporation (NATSIEC).<sup>24</sup> These agreements give effect to Priority Reform One under the National Agreement (formal partnerships and shared decision making). These formal partnerships also support transparency, accountability, and culturally responsive policy development between

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<sup>23</sup> DoE, '[Formal Partnership Agreement Australian Government Department of Education and SNAICC – National Voice for our Children](#)', DoE website, 2025, accessed 18 September 2025.

<sup>24</sup> DoE, '[Formal Partnership Agreement Australian Government Department of Education and the National Aboriginal and Torres Strait Islander Education Corporation](#)', DoE website, 2025, accessed 18 September 2025.

the department, SNAICC and NATSIEC. They are complemented by the department's engagement with First Nations peaks through the ECCDPP and Education Ministers Meeting (EMM) governance structures, where NATSIEC participates as a formal partner.

## Education Ministers Meeting

At the Special Purpose EMM on 22 August 2025, governments agreed to a suite of national actions to strengthen children's health and safety in ECEC, including:

- **implementing a national educator register** – giving regulators clear oversight of who is working in the sector – and as it develops, a full registration scheme. The Australian Government will invest up to \$45 million over 4 years, with a testing phase commencing in December 2025 and a national rollout from February 2026
- **mandatory national child safety training for all ECEC staff** – equipping educators with the knowledge and skills to identify, respond to, and prevent risks to children's safety and wellbeing. The Australian Government will invest \$21 million in workforce subsidies to help cover wage costs
- **a nationwide assessment of CCTV use** which will be undertaken in up to 300 services to help inform evidence-based decisions on its role in safeguarding children. The Australian Government will invest up to \$20.5 million in this assessment, with a final report provided to education ministers in 2026
- **banning or restricting the use of personal mobile phones or digital devices** capable of taking images or videos while working directly with children to protect children's privacy, from 1 September 2025
- **an additional 1,600 unannounced spot checks per year** to be carried out by Australian Government authorised officers to check for compliance with the Family Assistance Law, enabled by a \$73 million investment over 4 years to implement legislative reforms introduced in July 2025 to strengthen the CCS regulatory environment
- joint compliance and monitoring activities with states and territories including through the **Joint Compliance and Monitoring Program** to help improve data exchange, supported by a \$22 million investment from the Australian Government
- **improved transparency for parents** through upgrades to the Starting Blocks website which currently displays information about conditions imposed on centres and regulator visits, and will include compliance breaches and enforcement actions from November 2025. The Australian Government is investing up to \$7 million to support this work, including the development of communications and educational resources to help families understand the additional information as it is made available
- **tougher penalties** with fines under the National Law and National Regulations being tripled to deter breaches and non-compliance
- **ACECQA undertaking a rapid assessment** of the operational application of educator-to-child ratio and practices that improve the safeguarding and supervision of children in ECEC services
- regular assessment and rating visits with states and territories ensuring that all services are **assessed on average every 3 years**, with more frequent visits for those rated 'Working Towards NQS'.

Ministers also agreed legislative and non-legislative changes to the NQF to embed agreed actions.



### 3. 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

#### Australia's early childhood education and care regulatory system

Australia's early childhood education and care (ECEC) regulatory system is underpinned by a dual regulatory framework consisting of:

- the National Quality Framework (NQF), which includes the Education and Care Services National Law (National Law) and National Regulations (see **Chapter 2**)
- the Family Assistance Law (FAL) which governs the administration of the Child Care Subsidy (CCS) (see **Chapter 9**).

While services need to be approved under both frameworks in order to attract CCS, it is important to note that National Law approval does not automatically confer CCS approval. For example, a service that primarily delivers a preschool program is not eligible for CCS approval.<sup>25</sup>

Responsibility for regulating quality and safety is shared across Australian, state, and territory governments, with support from the Australian Children's Education and Care Quality Authority (ACECQA). Each plays a distinct but complementary role (described below).

- The Australian Government:
  - provides operational funding to ACECQA to help administer the NQF
  - jointly governs the NQF with state and territory governments
  - regulates a small number of ECEC services that fall outside the scope of the NQF and state and territory residual legislation
  - approves ECEC providers and services to deliver CCS-approved services
  - regulates financial integrity for the CCS
  - administers quality and safety measures related to the CCS.
- State and territory governments:
  - approve ECEC providers and services to operate
  - regulate providers under the NQF including assessing and rating services, investigating complaints and serious incidents, and enforcing compliance
  - regulate providers under state residual legislation.

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<sup>25</sup> Australian Government Federal Register of Legislation, [A New Tax System \(Family Assistance\) \(Administration\) Act 1999 - Federal Register of Legislation](#), subpara 194D(a)(iv), accessed 24 September 2025.

- ACECQA:
  - assists all governments to administer the NQF and ensure the NQF guiding principles are followed
  - promotes continuous improvement and national consistency in regulating quality and safety under the NQF
  - provides education and care information to families via the Starting Blocks website
  - supports the ECEC system and stakeholders to improve quality outcomes for children.

## Enhancing quality and safety through strengthening regulation

In its 2024 inquiry into Australia's ECEC system, the Productivity Commission noted that since the introduction of the NQF, there has been a general improvement in service quality ratings, and an increase in the proportion of services with a quality rating.<sup>26</sup>

At the same time, the inquiry identified areas for improvement in the current regulatory system and made several recommendations, including those relating to:

- performance reporting
- resourcing for regulatory authorities
- communication of quality ratings
- regulatory action for services rated 'Working Towards National Quality Standard (NQS)'
- support for services to improve quality.<sup>27</sup>

The inquiry also found that the timeframe between service assessments is too long, and that families would benefit from more detailed, accessible information on service ratings.<sup>28</sup>

Since the inquiry, governments are taking action to strengthen Australia's ECEC regulatory system to deliver stronger quality and safety outcomes – including through:

- legislation introduced in July 2025 by the Australian Government to strengthen ECEC system regulation, including through ensuring quality and safety is a paramount consideration when undertaking regulatory or compliance activities
- several regulatory changes that came into effect in September 2025:
  - mandatory reporting window for any allegations, complaints, or incidents of physical or sexual abuse has been changed from 7 days to 24 hours
  - ECEC service environments are free from vaping
  - services must have policies and procedures in place for the safe use of digital technologies while working directly with children – this includes banning or restricting the use of personal mobile phones

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<sup>26</sup> PC, '[A path to universal early childhood education and care: Inquiry report - volume 1](#)', PC, Australian Government, 2024, accessed 3 September 2025.

<sup>27</sup> PC, '[A path to universal early childhood education and care: Inquiry report - volume 2](#)', PC, Australian Government, 2024, accessed 3 September 2025.

<sup>28</sup> PC, '[A path to universal early childhood education and care: Inquiry report - volume 1](#)', PC, Australian Government, 2024, accessed 26 September 2025.

- joint national actions announced by education ministers in August 2025, including:
  - ensuring compliance with the NQS through state and territory regulators assessing and rating services on average every 3 years, with more frequent visits for those services rated 'Working Towards NQS'
  - unannounced spot checks and service visits by Australian Government authorised officers to check compliance with the FAL, expected to commence in November 2025
  - boosting monitoring, including joint compliance work with states and territories to improve data exchange
  - upgrades to the Starting Blocks website to display information about conditions imposed on services and regulator visits, empowering families to make informed decisions about the service they choose (see **Chapter 8** for more information on this and other transparency measures)
  - from early 2026, pending passage of legislation, tripling of maximum penalties under the National Law and National Regulations to better deter non-compliance and safety breaches
- work underway by individual jurisdictions to improve child safety in ECEC settings – such as additional funding to increase compliance checks (see **Chapter 1**)
- a range of legislative reforms arising from the *Review into Child Safety Arrangements under the National Quality Framework* – expected to commence in 2026 – which underpin the targeted actions announced by education ministers and include:
  - mandating the national child safety training for all staff, volunteers and students
  - enabling regulatory authorities to proactively share the identity of prohibited individuals and individuals subject to enforceable undertakings with approved providers
  - removing the ability to apply for service waivers related to building design to improve adequate supervision of children at all times
  - requiring approved working with children checks prior to commencing any work in ECEC services and mandate notification of any changes to status
  - extending the limitation period for offences to enable prosecution to be undertaken.

## 4. Early learning providers' compliance with quality standards and legislative requirements, including compliance with workplace laws and regulations

Australia's early childhood education and care (ECEC) regulatory system operates under a dual legislative framework which requires providers to obtain 2 separate approvals:

1. Approval under the National Law, granted by the relevant state or territory government – this ensures services meet quality, health and safety standards, as well as educational outcomes.
2. Approval under the Family Assistance Law (FAL), granted by the Australian Government (if eligibility rules are met) – this ensures providers are fit and proper to administer public funds in the form of Child Care Subsidy (CCS) payments.

Each framework is subject to its own compliance and enforcement regime, with penalties and regulatory actions applied when providers fail to meet their respective obligations.

In assessing eligibility under National Law and FAL, consideration is given to whether relevant persons meet fit and proper requirements. Under National Law, this includes the applicant's history of compliance with any current or former education and care services law, children's service law or education law. Under FAL, a history of compliance with Commonwealth, state and territory laws will be considered for providers, persons with management and control (PMC) and persons responsible for the day-to-day operations at the service.

States and territories monitor and consider relevant people's ongoing fitness and propriety under the National Law, including considering recent events relating to the people in question. The Australian Government monitors compliance with fit and proper requirements under the FAL, including consideration of a broad range of information across multiple Commonwealth and non-Commonwealth entities. Where states and territories or the Australian Government consider a person no longer meets fit and proper person requirements, a range of compliance action may be taken ranging from conditions being imposed on an approved provider to the suspension or cancellation of a provider's approval in the most serious of cases.

The Australian Children's Education Care and Quality Authority (ACECQA) publishes annual performance reports,<sup>29</sup> providing detailed analysis of the ECEC system under the National Quality Framework (NQF). These reports include data relating to serious incidents, as well as confirmed breaches of the National Law, offering insight into safety and compliance.

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<sup>29</sup> ACECQA, [NQF annual performance report](#), ACECQA website, 2024, accessed 17 September 2025.

ACECQA and state and territory authorities continue to play a vital role in promoting continuous quality improvement, including through the provision of resources and guidance, and educating ECEC system stakeholders about the NQF.

## Regulatory action related to the Child Care Subsidy

In July 2025, the Australian Parliament passed the *Early Childhood Education and Care (Strengthening Regulation of Early Education) Act 2025*, introducing new powers to lift safety and quality standards in ECEC.

As a result of the reforms, the Australian Government now has the power to suspend or cancel funding to child care centres that do not meet the NQS when it comes to safety and quality, where there is a breach of the law, or where centres are acting in a way that puts the safety of children at risk.

The new legislation amends the *A New Tax System (Family Assistance) (Administration) Act 1999* as part of the FAL, and allows the Australian Government Department of Education (the department) to:

- consider a provider's quality, safety and compliance history as a condition of approving CCS applications
- take compliance actions against existing services with continued breaches of the National Law or continued poor performance under the National Quality Standard (NQS), including the option to add conditions to a provider's approval
- prevent providers who persistently fail to meet the NQS from opening new centres
- powers of entry to conduct spot checks on services to ensure compliance with the FAL
- publish further detail of regulatory or compliance actions taken by the department, including infringements, decisions to refuse to add an additional service or extra conditions placed on an approval.

These new powers are being used in close collaboration with states and territories, who are responsible for regulating quality and safety in early education services and approving and shutting down services.

The department has commenced, and continues to undertake, work under these new powers. Notices have been issued to almost 80 ECEC services (as at 9 October 2025) not meeting the NQS, with conditions imposed on just over 50 services.

The services have not met the NQS, including Quality Area 2 (relating to the health and safety of children) over multiple years and assessments. These services have a set timeframe to meet the standards or make significant progress towards meeting the standards. Services that fail to meet the NQS may have further conditions placed on their CCS approval, or risk having their CCS approval suspended or cancelled.

The department is on track to commence spot checks on services in November 2025.

The department is also responsible for a range of activities that help support the integrity of the CCS and address non-compliance:

- Managing provider and service approvals under the FAL enabling providers to administer the CCS.
- Working closely with regulatory partners and other agencies to address suspected non-compliance, collusion, fraud or criminal activities.
- Taking a modern risk and threat based regulatory approach to regulating the ECEC system through the use of data analytics, and legislative tools including monitoring and investigation.
- Active engagement with ECEC providers, services and peak bodies on compliance issues, providing education through a variety of mediums such as web content, short compliance videos, eLearning courses, newsletters and social media platforms. See also **Chapter 9** for further information on the department's functions to support financial integrity.

## 5. The impact of childcare providers' employment practices on quality and safety

Strong recruitment and employment practices underpin quality and safety in early childhood education and care (ECEC) services.

To operate an ECEC service, providers must comply with all applicable laws, including the *Education and Care Services National Law Act 2010* (National Law) and the Education and Care Services National Regulations (the Regulations) administered by state and territory regulatory authorities for most services, and the National Quality Framework (NQF).

For Child Care Subsidy (CCS) purposes, providers must also be approved under the *A New Tax System (Family Assistance) (Administration) Act 1999* and comply with the Family Assistance Law (for example, reporting, record-keeping and information requirements). In deciding approval and ongoing suitability, the Secretary applies a fit and proper person test that expressly takes account of compliance with Commonwealth, state and territory laws, and any other relevant matter (e.g., NQF compliance, workplace/Work Health and Safety obligations).

Approved providers are responsible for effective leadership, governance and management to ensure children's safety, health and wellbeing. Where the NQF applies, this includes staff qualification standards and suitability checks under the National Law/the Regulations.

Compliance is monitored by state and territory regulatory authorities for NQF obligations and by the Australian Government under the Family Assistance Law. Non-compliance may result in penalties, conditions, or suspension/cancellation of CCS approval. A working with children check (WWCC) or working with vulnerable people check (WWVPC) is a safeguard to protect the health and safety of children in ECEC services. As part of worker screening, anyone who has direct contact with children must hold a current WWCC or WWVPC under their relevant jurisdiction. This will usually include all educators, persons with management or control (PMCs) and persons responsible for the day-to-day operation of a service (persons responsible at the service).

However, WWCC and WWVPC requirements vary across jurisdictions. In some states and territories, individuals can commence working before approval is granted, if certain conditions are met. At the Special Purpose Education Ministers Meeting on 22 August 2025 (see **Chapters 2 and 3** for more information), education ministers agreed to the reforms outlined in the Decision Regulation Impact Statement (DRIS) as part of the *Review into Child Safety Arrangements under the National Quality Framework*. This included a requirement to hold a valid WWCC or WWVPC before commencing work in an ECEC service and mandated notification of any changes WWCC status.

In addition to a valid WWCC or WWVPC, the NQF requires ECEC providers to have policies and procedures in place to uphold a child safe environment, including online child safety. From 1 January 2026, child safety will also be explicitly embedded in Quality Area 2 (children's health and safety) and Quality Area 7 (governance and leadership).

Under the National Law, approved providers must ensure that each nominated supervisor and person in day-to-day charge of the service has successfully completed the child protection training (if any) required in their state or territory. Providers must also ensure that the nominated supervisors



and staff members at the service who work with children are advised of the existence and application of the current child protection law in the relevant jurisdiction and understand their obligations under that law.

Providers of both centre-based day care (CBDC) and family day care (FDC) services must also meet specific qualification requirements for first aid, anaphylaxis management and emergency asthma management training.

For CBDC services, at least one staff member or one nominated supervisor must have completed this training and be on site at all times and immediately available in case of an emergency. For FDC services, each FDC educator and FDC educator assistant engaged by or registered with the service must complete this training.

## Characteristics of the early childhood education and care workforce

Attracting and retaining skilled and experienced educators and teachers is essential for ensuring quality and safe education and care.

A stable and secure workforce delivers better child safety outcomes than a workforce with higher levels of churn, and having strong, enduring relationships with educators increases continuity of care and learning for children, especially those experiencing vulnerability and disadvantage.<sup>30</sup> Three key indicators are used to monitor workforce stability: employment size, job vacancies, and staffing waivers.

Recent data has shown all three indicators of workforce stability are improving. According to data from Jobs and Skills Australia (JSA),<sup>31</sup> the ECEC workforce has grown by 48,100 (21.7%) from May 2022 to May 2025. ECEC job vacancies have also decreased, with Internet Vacancy Index data<sup>32</sup> showing a decrease in ECEC occupation vacancies, and ACECQA's NQF Snapshot data shows that the proportion of services with a staffing waiver declined from 9.2% in July 2024<sup>33</sup> to 7.4% in July 2025.<sup>34</sup>

The 2024 JSA *ECEC Workforce Capacity Study* includes a detailed analysis of the composition of the ECEC workforce, including across service types, and found the ECEC workforce is overwhelmingly female and has a greater representation of First Nations individuals and people born overseas relative to all occupations.<sup>35,36</sup>

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<sup>30</sup> PC, '[A path to universal early childhood education and care: Inquiry report - volume 2](#)', PC, Australian Government, 2024, accessed 1 October 2025.

<sup>31</sup> Jobs and Skills Australia (JSA), '[National occupation trend – August 2025](#)' [data set], JSA website, 2025, accessed 24 September 2025.

<sup>32</sup> JSA, '[Labour Market Insights Internet Vacancy Index](#)' [data set], JSA website, 2025, accessed 17 September 2025.

<sup>33</sup> ACECQA, '[NQF Annual Performance Report](#)', ACECQA website, 2024, accessed 3 October 2025.

<sup>34</sup> ACECQA, '[NQF Snapshot: Proportion of services with a waiver by quarter and waiver category](#)', ACECQA website, 2025, accessed 1 October 2025.

<sup>35</sup> JSA, '[The future of the early childhood education profession - Summary report](#)', JSA website, 2024, accessed 1 October 2025.

<sup>36</sup> JSA, '[Early Childhood Education and Care Capacity Study](#)', JSA website, 2024, accessed 1 October 2025.

The 2024 *National Workforce Census* (NWC)<sup>37</sup> provides further insights into the workforce composition and working patterns of Child Care Subsidy (CCS)-approved services. Of the 240,041 workers at CCS-approved services who were covered in the NWC:

- 90.7% of workers are female
- the majority (68.2%) are in permanent employment, while 26.8% are in casual employment
- the distribution of hours worked per week was evenly spread, with 29.2% working short part-time hours (up to 19 hours), 37.1% working long part-time hours (greater than 19 hours and up to 34 hours) and 30.5% working full-time hours (greater than 34 hours and up to 40 hours).<sup>38</sup>

The Australian Government has made a number of commitments to support the ECEC workforce and encourage people to join or return to the profession (see **Chapter 6** for details). The 2024 Staff Survey<sup>39</sup> conducted by the Australian Government Department of Education showed: an increase in the number of workers who intend to stay in the ECEC sector in the medium-term; improved wellbeing for educators, teachers and service leaders; and an increase in educators, teachers and service leaders' satisfaction with their work-life balance.

## Education, training and qualifications

The Vocational Education and Training and higher education pathways into ECEC roles are well established, largely due to the guardrails established by the NQF and relevant modern awards. The Certificate III in ECEC is the main pathway into educator level roles, with the Diploma of ECEC providing progression to more senior educator roles, such as Group or Room Leader.

Bachelor degree programs provide the main pathway into Early Childhood Teacher roles, which may be specialised as pre-primary (0–5) or provide a dual pathway into primary teaching as well (0–12). Other higher education pathways into Early Childhood Teacher roles include graduate diplomas and master's programs for candidates with typically a three-year degree, not always in ECEC. In some instances, these routes are open to those with a Diploma in ECEC and significant workplace experience. Postgraduate diplomas and master's qualifications have seen recent proportional increases among international students.

The qualification pipeline is also strengthening. This supports the shared goals in *Shaping Our Future: The National Children's Education and Care Workforce Strategy 2022–2031*<sup>40</sup> which was endorsed by all education ministers in 2021 to build a capable, sustainable workforce through improved career pathways and access to training.

The Australian Children's Education and Care Quality Authority (ACECQA) is responsible for approving ECEC qualifications under the NQF, including Certificate III, Diploma, and Early Childhood Teacher level programs. It maintains a public list of approved qualifications and determines whether

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<sup>37</sup> DoE, [National Workforce Census](#), DoE website, 2025, accessed 24 September 2025.

<sup>38</sup> DoE, [2024 National Workforce Census](#) [interactive dashboard], DoE website, 2025, accessed 1 October 2025.

<sup>39</sup> DoE, [unpublished data], accessed 29 September 2025.

<sup>40</sup> ACECQA, '[National Children's Education and Care Workforce Strategy \(2022-2031\)](#)', ACECQA website, 2021, accessed 29 September 2025.

programs meet national standards, including requirements around supervised professional experience, content, and delivery.

Accelerated qualifications are offered by a number of universities to support upskilling of diploma-qualified educators and career changers. However, all accelerated programs must meet ACECQA's rigorous standards to be approved. Graduates of non-approved programs are not eligible to work as qualified educators or teachers in ECEC services.

ACECQA regularly reviews the qualifications list to incorporate emerging practices, changes in educational standards, and feedback from the early childhood sector. The last review, finalised in July 2024, was an action under the *Shaping Our Future: The National Children's Education and Care Workforce Strategy 2022–2031 (Action FA5-2 – Review requirements for early childhood teaching programs under the National Quality Framework)*.

HumanAbility was established in 2023 as one of ten Jobs and Skills Councils funded by the Australian Government. HumanAbility provides a dedicated national mechanism to ensure training products, qualifications, and workforce planning initiatives are responsive to sector needs. It supports a skilled and safe workforce by working directly with regulators, governments, and service providers to address workforce shortages, improve training quality, and enhance career pathways.

HumanAbility is progressing a number of key ECEC qualification projects in consideration of the findings and recommendations of the *JSA ECEC Workforce Capacity Study*, including:

- **Diploma of Early Childhood Education and Care Entry Requirements Review** – a review of the entry requirements for the Diploma to ensure they reflect contemporary workforce needs and support progression pathways – completed in mid-2025.
- **Early Childhood Education and Care Qualification Review** – which includes the review of the Certificate III and Diploma ECEC qualifications to strengthen quality and consistency across the ECEC system to ensure responsiveness to current and emerging skills needed – scheduled to conclude in late 2026. This will consider relevant skills and training and workforce development findings and recommendations in recent reports including the:
  - Victorian Government's *Rapid Child Safety Review*<sup>41</sup>
  - JSA's *Early Childhood Education and Care Workforce Capacity Study*
  - Productivity Commission's *A path to universal early childhood education and care*
  - ACECQA's *Review of Child Safety Arrangements under the National Quality Framework*
  - *2019 NQF Review DRIS*: Legislative change to require compulsory training on safe sleep practices for all FDC educators subject to governments undertaking further research, costing and impact analysis of any proposed training and the implementation approach.
- **Identify and Report Children and Young People at Risk** – which will update the unit of competency to ensure educators and support workers are trained to recognise and respond appropriately to signs of harm or abuse – due to be completed in late 2025.

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<sup>41</sup> Victorian Government, [Rapid Child Safety Review](#), Victorian Government website, 2025, accessed 26 September 2025.

## 6. The role of worker compensation and pay on childcare quality and safety

The early childhood education and care (ECEC) workforce is critical to ensuring all Australian children have the best possible start in life. In its final report, the Productivity Commission (PC) noted:

the size and spread of the workforce are key factors that influence how many families have access to ECEC services, while the experience, skills and qualifications of the workforce are factors that can influence...quality and safety.<sup>42</sup>

The PC also highlighted that the workforce is fundamental to future ECEC reform.<sup>43</sup>

Without appropriate pay and workplace conditions, recruitment and retention challenges are likely to undermine quality and safety. Consequently, the Australian Government has prioritised supporting the ECEC workforce to ensure children have access to high-quality ECEC. Central to this is ensuring educators and teachers are valued as professionals and fairly remunerated for their work.

Through the *ECEC Worker Retention Payment* (WRP), announced 8 August 2024, the Australian Government is providing \$3.6 billion in funding to support a 15% wage increase for ECEC workers over 2 years. The WRP will support a wage increase for workers who are working in Child Care Subsidy (CCS)-approved centre-based day care and outside school hours care services, and are covered by the 2 primary modern awards (the *Children's Services Award 2010* and the *Educational Services (Teachers) Award 2020*), or workers who predominantly undertake duties described under these awards.

This wage increase is via an opt-in grant and is conditional on providers limiting fee growth, to maintain affordability for families, and engaging workers under a compliant workplace instrument. A workplace instrument is a legally enforceable document that sets out the terms and conditions of employment, such as pay rates, penalties and loadings, working hours and leave entitlements. Examples of workplace instruments include enterprise agreements (single and multi-enterprise agreements), individual flexibility arrangements, and state industrial instruments. This is an important condition of the WRP as it provides assurance that funding is being passed on to workers through higher wages. Consequently, the coverage of ECEC workers under workplace instruments has increased dramatically since applications for the WRP opened in October 2024. The Early Childhood Education and Care Multi-Enterprise Agreement alone now covers over 450 employers and more than 45,000 workers.

According to Jobs and Skills Australia,<sup>44</sup> as of August 2025, there were 270,300 educators, early childhood teachers (ECTs) and centre managers employed in Australia. This is an increase of 15,100 (5.92%) from August 2024 when the WRP was announced, and an increase of 48,800 (22%) since

<sup>42</sup> PC, '[A path to universal early childhood education and care: Inquiry report – volume 2](#)', p 121, PC, Australian Government, 2024, accessed 15 September 2025.

<sup>43</sup> PC, '[A path to universal early childhood education and care: Inquiry report – volume 2](#)', PC, Australian Government, 2024, accessed 15 September 2025.

<sup>44</sup> JSA, '[National occupation trend – August 2025](#)' [data set], JSA website, 2025, accessed 24 September 2025.

May 2022. At the same time, Vacancy Index data<sup>45</sup> shows ECEC job vacancies fell to 5,507 (three-month moving average), representing a 12.36% decrease year on year. These trends suggest that government measures, such as the WRP, are supporting retention and growth in the sector.

As part of its efforts to reduce the gender pay gap, the Australian Government is also supporting an historic review of the undervaluation of wages in feminised industries. The Fair Work Commission's *Gender Undervaluation Priority Awards Review* (the Review) is examining gender-based undervaluation in 5 priority awards, including the *Children's Services Award 2010*. The Government has provided multiple submissions to the Review which are publicly available on the Fair Work Commission's website.<sup>46</sup> On 16 April 2025, the Fair Work Commission announced their provisional view on the Review, with the Commission continuing to work with parties to finalise outcomes.

Additionally, the Australian Government is providing \$72.4 million over 5 years to build and retain the ECEC workforce. This includes the:

- professional development subsidy, supporting educators and early childhood teachers to undertake professional development training
- paid practicum subsidy, supporting early childhood teachers and educators to complete the practicum components of their degrees
- practicum exchange program, supporting educators to organise practicum placement opportunities.

In 2024–25, these initiatives supported over 61,500 ECEC staff – representing 22.8% of the national workforce – with access to professional development and paid practicum placements. Notably, 24.1% of those supported are regionally located, helping strengthen workforce capacity in areas where recruitment and retention is often more challenging.

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<sup>45</sup> JSA, [Labour Market Insights Internet Vacancy Index](#) [data set], JSA website, 2025, accessed 17 September 2025.

<sup>46</sup> Australian Government Fair Work Commission (FWC), [Gender-based undervaluation – priority awards review](#), FWC website, n.d., accessed 15 September 2025.

## 7. The role of private for-profit incentives and their impact on childcare quality and safety

Australian Government-subsidised early childhood education and care (ECEC) is a mixed sector in which both for-profit and not-for-profit (NFP) providers deliver ECEC, subject to meeting regulatory conditions. This has enabled the ECEC sector to grow quickly to support the increasing demand for places, balancing the need to support quality while expanding supply so that families can access education and care.

All ECEC providers, regardless of service type or provider management type, are expected to provide quality and safe services. Current overall quality ratings by provider management type show 90% of services operated by private for-profit providers are either meeting or exceeding the National Quality Standard (NQS).<sup>47</sup> On the whole, ACECQA data indicates that a higher proportion of services operated by NFP providers are meeting or exceeding the NQS, compared to services operated by for-profit providers.<sup>48</sup>

All providers must be financially viable to sustainably provide long-term quality education and care. The Australian Competition and Consumer Commission (ACCC) undertook analysis and found in 2023 that on average, profits across the sector do not appear excessive.<sup>49</sup>

Across Australia, families rely on for-profit providers to access ECEC. As of June 2025, for-profit providers operated 67.3% of all services across the entire ECEC sector and 52.3% of services in regional and remote Australia.<sup>50</sup>

The Productivity Commission found:

ECEC provision grew by 50% to 1.1 million places over the decade to March 2023. For-profit centre-based day care accounted for just over 60% of that growth, with a further 22% due to expansion by for-profit outside school hours care services. Growth in centre-based day care was delivered mostly by a mix of small, medium and large sized for-profit providers ... [and] [g]rowth in for-profit provision of centre-based day care was reasonably evenly spread across all areas of socio-economic advantage.<sup>51</sup>

The ACCC inquiry also found that in terms of providers operating 40 or more services, for-profit providers offer a proportionally greater number of places for children under 2 years old.<sup>52</sup> For-profit providers continue to play a role in providing and growing the supply of services for families.

<sup>47</sup> ACECQA, [NQF Snapshot: Overall quality ratings by provider management type](#), ACECQA website, 2025, accessed 9 September 2025.

<sup>48</sup> ACECQA, [NQF Snapshot: Overall quality ratings by provider management type](#), ACECQA website, 2025, accessed 9 September 2025.

<sup>49</sup> ACCC, ['Childcare inquiry: Final report'](#), ACCC, Australian Government, 2023, accessed 9 September 2025.

<sup>50</sup> DoE, [unpublished administrative data], accessed 23 September 2025.

<sup>51</sup> PC, ['A path to universal early childhood education and care: Inquiry report - volume 1'](#), p 74, PC, Australian Government, 2024, accessed 9 September 2025.

<sup>52</sup> ACCC, ['Childcare inquiry: Final report'](#), ACCC, Australian Government, 2023, accessed 9 September 2025.



## 8. Transparency within the early childhood education and care system, including access to information and data

The Australian Government has taken steps to increase accountability for ECEC providers by making more financial information available. This includes:

- requiring all large ECEC providers (i.e. those operating 25 or more services) to report their financial information annually to the Australian Government
- publishing revenue and profit information for large for-profit providers on the Starting Blocks website to support informed decision making by families on their choice of provider and service
- banning providers from offering non-educational enrolment inducements to ensure Child Care Subsidy (CCS) funding is used for its intended purpose and to support a fairer market between small and large providers
- mandating the reporting of prescribed discount information in session reports and statements of entitlement to support departmental monitoring of provider compliance and provide insights into the true costs of ECEC for families.

As part of its *Childcare inquiry 2023*, the Australian Competition and Consumer Commission (ACCC) found that many households are frustrated by the lack of transparency in ECEC fees and fee-setting, and that stakeholders also consider that there should be consistency in how fees are presented.<sup>53</sup> The ACCC's final report recommended improving the availability and accessibility of up-to-date information on ECEC for families, including by strengthening the Starting Blocks website.<sup>54</sup> Similarly, the Productivity Commission (PC) recommended establishing a 'one stop shop' website to provide information for families on – for example, CCS eligibility and fee information – and suggested that this could be part of the Starting Blocks website.<sup>55</sup>

Recent enhancements to the Starting Blocks website mean families can now compare services' quality ratings, fees, vacancies and inclusions side-by-side. Families can also use the new guided service finder to explore different care types, understand quality ratings and calculate subsidies.

The Australian Government is also committed to ensuring parents and families can make informed decisions about the ECEC they choose. To further support increased transparency for families, the Government is investing up to \$7 million for the Australian Children's Education and Care Authority (ACECQA) to undertake a phased program of work that will progressively make more information available to parents regarding compliance and quality of a service, both on the Starting Blocks website and at services. The funding will also support the development of communications and educational resources to help families understand the additional information as it is made available.

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<sup>53</sup> ACCC, '[Childcare inquiry: Final report](#)', ACCC, Australian Government, 2023, accessed 12 September 2025.

<sup>54</sup> ACCC, '[Childcare inquiry: Final report](#)', ACCC, Australian Government, 2023, accessed 9 September 2025.

<sup>55</sup> PC, '[A path to universal early childhood education and care: Inquiry report - volume 1](#)', PC, Australian Government, 2024, accessed 3 September 2025.



Under Phase 1 of these updates, as of 1 September 2025, Starting Blocks displays information on when a state or territory regulator last visited a service and any conditions imposed by regulators on centres, as well as clearer information on the links between services and the providers that run them.

Under Phase 2, to be in place by the end of 2025, the website will show National Law compliance breaches and enforcement actions against services so parents can understand the safety track record of services. These changes will be supported by communications and educational materials to ensure families can access and understand the information to meaningfully inform their decisions.

Under Phase 3, services will be required to physically display meaningful compliance information at the service, to further support family engagement with a more transparent ECEC system. Work has commenced to determine what information is to be displayed, as well as what legislative changes are required to implement this.

Changes are being made so that the Starting Blocks website will also include details about the Enforcement Action Register, which includes actions taken against ECEC providers who fail to comply with Family Assistance Law – such as suspending or cancelling CCS approval, civil penalties, conditions for continued approval, and criminal convictions – and publish a link to its location on the Australian Government Department of Education (the department) website.

In addition to the information on the Starting Blocks website, the department has expanded regulatory powers, introduced through the *Early Childhood Education and Care (Strengthening Regulation of Early Education) Act 2025*, passed in July 2025. These powers allow the department to publish further details – in the Enforcement Action Register – of compliance and enforcement actions against ECEC providers who breach the Family Assistance Law.

## Data

CCS data can provide useful insights that can enhance the regulation of ECEC services by state and territory governments, better enabling them to identify and target safety and quality risks. For example, service occupancy and attendance data can assist in identifying potential financial viability or safety risks, and enable monitoring of educator-to-child ratios in services. In August 2025, the Australian Government committed \$22 million to strengthen joint compliance and monitoring activities between the Australian, state and territory governments, and improve access to CCS data.

In relation to data sharing, the PC noted that good access to data is critical for both governments and broader ECEC system stakeholders to design and improve the ECEC system, monitor performance and evaluate outcomes.<sup>56</sup> In addition to the information available on the Starting Blocks website, the Australian Government publishes a range of different publications to enhance transparency and provide greater information to the public. These products include quarterly CCS data reports and the Enforcement Action Register.

More broadly, effective data sharing and integration has significant potential benefits for ECEC, including:

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<sup>56</sup> PC, '[A path to universal early childhood education and care: Inquiry report - volume 2](#)', PC, Australian Government, 2024, accessed 3 September 2025.

- improving the understanding of children's access to ECEC and the impact of different types of ECEC on children's outcomes
- designing, delivering, and evaluating programs (such as 3-year-old preschool, in some states)
- supporting system stewards to better understand how to service under-supplied areas and better evaluate policies and programs.

## 9. The suitability and flexibility of the funding of early education and care across Australia

The Australian Government's key role in the early childhood education and care (ECEC) system is providing funding to support families' access to ECEC services. This is achieved primarily through the Child Care Subsidy (CCS) and the Child Care Safety Net (Safety Net). The Government also contributes funding to state and territory governments to facilitate the delivery of preschool programs through the Preschool Reform Agreement.

The Australian Government strongly encourages providers to offer flexible fee and booking policies to meet the needs of different families, as well as their business. Under the Family Assistance Law (FAL), services are required to operate for a minimum of 48 weeks per year, or 7 weeks per year if the service only provides outside school hours care. Sessions of care can be any length (up to the maximum of 12 hours) allowing providers to determine the sessions offered, number of hours of care per day, and the days per week that they operate, which best meet their operational requirements and the needs of families and children.

### Child Care Subsidy

CCS supports a market-oriented ECEC system, where parents make choices about the type of service they require for their children and the price they are willing to pay, which is then subsidised through CCS. The subsidy is generally paid directly to approved providers and passed on to families as a fee reduction.

As at the June quarter 2025, over 1.4 million children used CCS-approved services.<sup>57</sup> CCS is the main way that the Australian Government helps families with the cost of ECEC fees, with expenditure projected to reach \$16.2 billion in 2025–26.<sup>58</sup>

It is a means-tested fee subsidy, with entitlements based on:

- combined family income
- activity level of the claimant and their partner
- type of approved service used, and whether the child attends school
- whether a family has multiple CCS-eligible children aged 5 or under.

### Family income

The percentage of subsidy to which a family is entitled is based on their combined annual family income (see **Table 4**). Families with more than one child aged 5 or younger in care may get a higher subsidy rate for some children. The higher subsidy is not paid for sessions of in home care, as it is subsidised for each family, rather than for each child.

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<sup>57</sup> DoE, [Child Care Subsidy data report - June quarter 2025](#), DoE website, 2025, accessed 23 September 2025.

<sup>58</sup> DoE, [2025-26 Education Portfolio Budget Statements](#), DoE website, 2025, accessed 8 September 2025.

Note – the CCS program includes the Additional CCS, and legacy programs Child Care Benefit and Child Care Rebate.

**Table 4: CCS rates for the 2025–26 year<sup>59</sup>**

Family income	Subsidy rate
Up to \$85,279	90%
More than \$85,279 to below \$535,279	Between 90% and 0% The percentage decreases by 1% for every \$5,000 of income a family earns
\$535,279 or more	0%

## Activity level

From January 2026, the Australian Government is replacing the CCS activity test with the *3 Day Guarantee* as one of the next steps in building a universal ECEC system and to help ensure more children are school-ready.

Under the *3 Day Guarantee*, families earning under \$535,279 and eligible for the CCS will be entitled to at least 72 hours of subsidised ECEC per fortnight (3 days per week) per child. Families caring for a First Nations child will be eligible for 100 hours of subsidised ECEC per fortnight for each First Nations child. A family can still receive up to 100 hours of subsidy per fortnight, per child, if they meet participation requirements (for example, work, study and training) or have a valid exemption, consistent with current settings.

## Hourly rate cap

The subsidy applies up to an hourly rate cap, which is set by the Australian Government, and varies across CCS-approved care types (i.e. centre-based day care and family day care have different hourly rate caps – see **Table 5**). Fees charged above the hourly rate cap are not subsidised.

The hourly rate caps provide families with a reference point to hold providers accountable, knowing that fees should not dramatically exceed the cap. This places downward pressure on ECEC fees, helps constrain price growth and address inflationary pressures.

**Table 5: Hourly rate caps for the 2025–26 year<sup>60</sup>**

Care type	Hourly rate cap for children below school age	Hourly rate cap for school-age children
Centre-based day care	\$14.63	\$12.81
Outside school hours care	\$14.63	\$12.81
Family day care	\$13.56	\$13.56
In home care (per family)	\$39.80	\$39.80

The cost of ECEC differs across the range of services provided, including care provided to children of different ages and geographical locations. This is why the CCS is based on the proportion of the

<sup>59</sup> DoE, [CCS rates 2025-26](#), DoE website, 2025, accessed 8 September 2025.

<sup>60</sup> DoE, [2025-26 hourly rate caps](#), DoE website, 2025, accessed 8 September 2025.

actual fee charged, up to a maximum hourly rate cap, rather than a benchmark based on median or average fees.

The FAL also allows for payment of CCS for 42 absence days per child, per financial year. These absences can be taken for any reason, including public holidays, without the need for families to provide evidence. A standard allocation of absences reduces the complexity and burden for receiving CCS. The Australian Government considers 42 absences per child appropriate to meet the needs of most families. If children have exhausted their 42 absences, unlimited additional absences may be payable if the absence is taken for a reason defined in the FAL and evidence is provided. In 2023–24, more than 95% of children in centre-based day care used fewer than 42 absences.

## Child Care Safety Net

Through the Safety Net, the Australian Government provides additional support to families facing barriers to ECEC services for vulnerable or at-risk children. The Safety Net includes the Additional Child Care Subsidy (ACCS), the Community Child Care Fund (CCCF) (including Connected Beginnings), and the Inclusion Support Program (ISP).

The Safety Net supports children with developmental delay or disability, culturally and linguistically diverse children, children from low socioeconomic status backgrounds, First Nations children and families, and children living in regional and remote locations.

## Additional Child Care Subsidy

The ACCS provides additional fee assistance to families facing barriers to ECEC. Rather than CCS, eligible children may receive ACCS, which provides a higher rate of subsidy for up to 100 hours per fortnight. There are 4 categories of funding under the ACCS:

- ACCS Child Wellbeing – Children at risk of serious abuse or neglect may receive 100 subsidised hours (at up to 120% of the hourly rate cap)
- ACCS Grandparent – Grandparents on income support who are the primary carer of their grandchild can receive 100 subsidised hours (at up to 120% of the hourly rate cap)
- ACCS Temporary Financial Hardship – Families who experience financial hardship can receive 100 subsidised hours (at up to 120% of the hourly rate cap) for 13 weeks
- ACCS Transition to Work – Families transitioning from income support to work can receive up to 100 subsidised hours at a CCS rate of 95%.

## Community Child Care Fund

The CCCF is a grant program that supports around 700 service providers (as at the June quarter 2025) to reduce barriers to accessing ECEC – particularly for children and families in disadvantaged, rural, and remote communities; First Nations communities; and where services are in limited supply.

The CCCF provides support to approved early childhood services through:

- CCCF Competitive grants
- CCCF Restricted grants
- Connected Beginnings program
- CCCF Special Circumstances grants.

The total 4-year budget for the CCCF program, including Connected Beginnings, is \$616.2 million to 2028–29. Around 85% of CCCF and Connected Beginnings funding in 2025–26 is supporting services in regional and remote Australia.

## Connected Beginnings

Connected Beginnings is a grant program jointly delivered by the Australian Government Department of Health, Disability and Aged Care and the Australian Government Department of Education (the department), which aims to increase First Nations children's and families' access to existing early childhood, maternal and child health, family support services and ECEC to ensure that children are safe, healthy, and ready to thrive at school.

The Australian Government provides ongoing funding of approximately \$28.5 million per year to support around 24,800 First Nations children and their families in 50 communities across Australia, including in metropolitan, regional, and remote locations.

To align with Priority Reform Two under the *National Agreement on Closing the Gap* (National Agreement), the Australian Government is committed to ensuring Aboriginal and Torres Strait Islander Community Controlled Organisations (ACCOs) lead and manage projects wherever possible. Currently, 35 of the 50 projects are ACCO-led. The department is working in partnership with SNAICC – National Voice for Our Children (SNAICC) to continue to increase the numbers of ACCO-led projects engagement across the program.

## Inclusion Support Program

The ISP is a \$133 million-per-year program that assists eligible CCS-approved ECEC services to include children with additional needs. The ISP assists ECEC services to implement their quality, inclusive and equitable obligations under the National Quality Framework and in accordance with the National Quality Standard and Approved Learning Frameworks.

The focus of the program is aimed at building inclusion capacity and capability of eligible ECEC services, where there are barriers to the participation of children with additional needs, with their typically developing peers.

Through ISP, the department funds Inclusion Agencies nationally to work with services in their jurisdiction. Inclusion Agencies provide direct support to services to provide specialist inclusion advice, access to a Specialist Equipment Library and funding assistance for services to support children's inclusion, including assistance to fund Additional Educators.

## Building Early Education Fund

Through the *Building Early Education Fund* (the Fund), the Australian Government is also investing \$1 billion to build and expand ECEC centres in areas of need to help give more families access to high-quality ECEC.

The Fund includes:

- \$500 million in targeted capital grant rounds focused on quality not-for-profit ECEC providers and state and local governments to establish new services and increase the capacity of existing ECEC services. Grants will be targeted to priority and underserved

markets, including regional locations and the outer suburbs. Where possible, services will be located on or near school sites.

- Up to \$50 million of the funding will be provided for co-investment opportunities with the Investment Dialogue for Australia's Children (IDAC) to help build or expand integrated and holistic early learning services in areas of need. Philanthropic partners of IDAC have also committed in-principle funding up to \$50 million.
- \$500 million provisioned for future Australian Government investment in owning and leasing a portfolio of ECEC centres to increase the supply of services, with \$2.3 million over 2 years from 2024–25 to undertake a business case to inform final design.

## Early Education Service Delivery Prices project

In December 2025, the Australian Government announced \$10.4 million to undertake the *Early Education Service Delivery Prices (SDP) project*, as part of the pathway to universal ECEC. The SDP project will provide a data-driven understanding of the reasonable costs of safe and quality ECEC service delivery across Australia, including where costs may vary by cohort or location.

While the project will not change policy or funding settings itself, it is a critical enabling step on the pathway towards a universal ECEC system and will inform future reforms.

## Child Care Subsidy integrity

The department administers a range of programs and funding mechanisms to support flexibility in meeting the needs of different ECEC types and stakeholder needs. To ensure that funding is used for its intended purpose – i.e. the care and education of children – the department undertakes compliance activities, including ongoing integrity monitoring and assurances, to protect the integrity of CCS payments.

As discussed in other chapters, in July 2025, the Australian Government introduced legislation to strengthen ECEC system regulation, including powers enabling spot checks without warning to detect fraud and non-compliance, and making safety and quality a paramount consideration when conducting CCS regulatory and compliance activities.

The department's *CCS Financial Integrity Strategy* outlines the department's approach to maintaining the financial integrity of CCS and contains important information that supports the department to meet its regulatory obligations within the legislative framework, and effectively address fraud and non-compliance.

The *CCS Financial Integrity Strategy* provides a framework to support a whole-of-system, data-driven approach to identifying CCS financial integrity risks, prioritising and coordinating responses to risks, and measuring the efficiency and effectiveness of integrity activities and operations.

The department delivers the following core operational functions to support financial integrity:

- **Provider Approvals** manages the assessment process for approving providers to gain access to administer CCS payments on behalf of families and provides ECEC system stakeholders education about the requirements and ongoing conditions of CCS approval.



- **CCS Helpdesk** provides frontline support for CCS-approved providers and services operating under the CCS program, and manages the tip-off line that allows parents, providers or their employees, and the public to raise concerns about practices relating to management of the CCS.
- **Provider Audits** examine governance of CCS-approved providers and services. This includes ensuring gap fee payments are made and being paid electronically, in accordance with legislative requirements.
- **Compliance Operations** include undertaking monitoring activities and investigation into alleged contraventions of the FAL, applying principles of best practice regulation to treat regulatory risk, including by taking administrative, civil and criminal sanctions. Compliance Operations partner with state and territory regulatory authorities under the auspices of the Joint Compliance Monitoring Program.
- **Fraud Investigations and Tactical Operations** investigate allegations of CCS fraud, make referrals to the Commonwealth Director of Public Prosecutions (CDPP), support court proceedings and take part in joint tactical operations in collaboration with the Australian Federal Police and other government agencies.

## 10. The choice of care options available to parents and families

The Australian Government is committed to providing all Australian children with access to affordable, equitable and high-quality early childhood education and care (ECEC). It recognises that parents and guardians know what is best for their children and their family's circumstances and will make choices about education and care arrangements accordingly. For some, this means caring full-time for their children, while others use various forms of care. Many Australian families use ECEC for its educational and developmental benefits, as well as the opportunities it offers parents and guardians to engage in work or study. As at the 2025 June quarter, 49.5% of children aged 0 to 5, and 34.5% of children aged 0 to 12 used CCS-approved care.<sup>61</sup>

The Productivity Commission (PC) highlighted that 'a well-functioning, affordable and accessible ECEC system is integral to supporting the choices of families.'<sup>62</sup> The Australian Government contributes to this by supporting families with the cost for ECEC through the Child Care Subsidy (CCS) and programs designed to support access to ECEC services, particularly in vulnerable and disadvantaged communities (see **Chapter 9**).

The Australian Government is also committed to ensuring families have access to meaningful information to inform their choices. As part of this, the Government-funded Starting Blocks website provides transparency for families by displaying up-to-date information on ECEC services, including fees, vacancies, inclusions and CCS status, allowing users to compare services side-by-side and calculate their estimated gap fees. Starting Blocks also displays information on service quality ratings, state regulator visits, information on conditions imposed on services and large provider financial reporting, allowing families to make informed decisions (see **Chapter 8**).

Recognising that families require different supports, there are 4 different care types approved to operate a service and administer the CCS:

- **Centre-based day care** (CBDC) services predominantly provide care to non-school-aged children between the ages of 0 and 5 years. CBDC also often delivers a preschool program for children in the year or 2 years before school.
- **Outside school hours care** (OSHC) services provide care primarily to school-aged children outside of school hours, such as before school, after school and during school holidays.
- **Family day care** (FDC) services are typically provided in the home of an educator.
- **In Home Care** (IHC) services are a flexible form of ECEC that takes place in the family home. It is targeted to assist parents or carers who are unable to access other approved care types due to working non-standard hours, being geographically isolated or the family having challenging and complex needs.

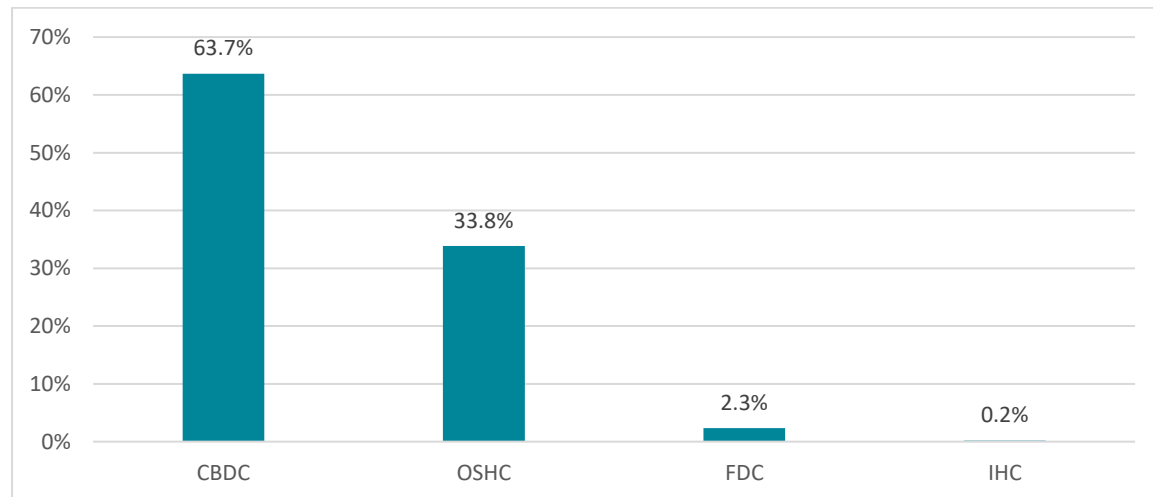
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<sup>61</sup> DoE, [Child Care Subsidy data report – June quarter 2025](#), DoE website, 2025, accessed 23 September 2025.

<sup>62</sup> PC, [A path to universal early childhood education and care: Inquiry report - volume 2](#), PC, Australian Government, 2024, accessed 4 September 2025.

Of the 4 CCS-approved care types, CBDC makes up the largest share of the market by number of services, families, and children supported. **Figure 1** outlines the market share by care type in the June quarter 2025 as a percentage of services (15,214 total CCS-approved services).<sup>63</sup>

**Figure 1: Market share by care type**



However, CCS-approved care types are not representative of all the types of care that families rely upon. Informal care is unregulated and includes services such as those provided by nannies, babysitters, and play groups, as well as informal care arrangements with grandparents, relatives and kinship carers. Informal care plays a vital, complementary role to formal care and support services, with many families using both formal and informal care.

## Family Day Care

The PC found that FDC can be an effective solution to improve access to ECEC in markets where there might be low and/or variable demand.<sup>64</sup> In particular the PC found that FDC, when compared to CBDC, has lower set up costs and the number of children required to make a service financially viable is lower.<sup>65</sup> This is consistent with the ACCC observing in 2023 that FDC is accessed by a higher proportion of families in regional and remote areas compared to major cities.<sup>66</sup>

FDC also provides other benefits in terms of access for certain cohorts. For example, the ACCC found that children from culturally and linguistically diverse (CALD) backgrounds are more likely to have a greater preference for the use of FDC than the broader population,<sup>67</sup> and that less advantaged areas are also more likely to access FDC than the broader population.<sup>68</sup>

<sup>63</sup> DoE, [Child Care Subsidy data tables - June Quarter 2025](#) [data set], DoE website, 2025, accessed 24 September 2025.

<sup>64</sup> PC, [A path to universal early childhood education and care: Inquiry report - volume 1](#), PC, Australian Government, 2024, accessed 4 September 2025.

<sup>65</sup> PC, [A path to universal early childhood education and care: Inquiry report - volume 2](#), PC, Australian Government, 2024, accessed 16 September 2025.

<sup>66</sup> ACCC, [Childcare inquiry: Final report](#), ACCC, Australian Government, 2023, accessed 16 September 2025.

<sup>67</sup> ACCC, [Childcare inquiry: Final report](#), ACCC, Australian Government, 2023, accessed 16 September 2025.

<sup>68</sup> ACCC, [Childcare inquiry: Final report](#), ACCC, Australian Government, 2023, accessed 16 September 2025.

## Capability Trial

The Australian Government is also exploring ways FDC can help meet the need for quality ECEC in regional areas of need and limited supply, by undertaking a FDC Capability Trial (the Trial). As part of this, the Australian Government Department of Education has partnered with the national peak body, Family Day Care Australia, to explore how to build on the capability of this care type. The Trial underlines the Government's commitment to improving families' access to flexible ECEC.

The Trial aims to test approaches to inform potential systemic changes to the current FDC model, strengthen the integrity of CCS, and reduce the risk to government revenue associated with fraud and non-compliance with FAL obligations. The Trial will build the capability of the FDC sector, while increasing capacity and access to ECEC in selected regional areas of need and limited supply.

The Trial also aims to support participating FDC providers and services to recruit new educators and create sustainable, flexible quality education and care to meet the needs of families (including CALD families) in participating regional areas. The Trial will explore and test alternative delivery models that provide more flexible and responsive services. It will also explore strengthening the FDC model, where direct insights from participants about their business practices and governance relating to CCS administration and FAL compliance will provide opportunities to improve the integrity of the FDC sector.

## Glossary

ACCC	Australian Competition and Consumer Commission
ACCO	Aboriginal and Torres Strait Islander Community Controlled Organisation
ACCS	Additional Child Care Subsidy
ACECQA	Australian Children's Education and Care Quality Authority
CALD	Culturally and Linguistically Diverse
CBDC	Centre-based day care
CCCF	Community Child Care Fund
CCS	Child Care Subsidy
CDPP	Commonwealth Director of Public Prosecutions
ECCDPP	Early Childhood Care and Development Policy Partnership
ECEC	Early childhood education and care
FAL	Family Assistance Law
FDC	Family day care
IDAC	Investment Dialogue for Australia's Children
IHC	In Home Care
ISP	Inclusion Support Program
NATSIEC	National Aboriginal and Torres Strait Islander Education Corporation
NFP	Not-for-profit
NQF	National Quality Framework
NQS	National Quality Standard
NWC	National Workforce Census
OECD	Organisation for Economic Co-operation and Development
OSHC	Outside school hours care
PC	Productivity Commission
SDP	Early Education Service Delivery Prices project

SEIFA	Socio-Economic Indexes for Areas
WRP	Worker Retention Payment

