



ELACCA submission to Senate Committee inquiry into the *Early Childhood Education and Care (Three Day Guarantee) Bill 2025*

28 February 2025



The Early Learning and Care Council of Australia (ELACCA) welcomes the opportunity to submit our response to the *Early Childhood Education and Care (Three Day Guarantee) Bill 2025* (the Bill).

About ELACCA

The Early Learning and Care Council of Australia (ELACCA) was established to promote the value of quality early learning and care as an integral part of Australia's education system. Our 18 CEO members include some of the largest early learning providers in the country, representing both not-for-profit and for-profit services.

ELACCA members operate 2,017 long day care services, 320 preschool/kindergarten services and 88 OSHC services, covering every state and territory. They offer one-quarter of all the long day care places in Australia. Together, our members serve 232,466 children and their families, and employ more than 59,978 staff.

As well as promoting the value of quality early learning and the need for greater public investment, ELACCA advocates for the right of all children to access quality early learning and care, particularly children facing disadvantage. We do this by drawing on the knowledge and practical experience of our members and representing their views to decision makers in government, the media and the public.

It is ELACCA's vision that all children in Australia have access to inclusive, high-quality early learning and care, delivered by a skilled, valued workforce.

Strategic context

The early learning and care sector has been the subject of significant reform activity and investment from the Australian Government in its current term. Several inquiries and reviews across government departments, and in some states and territories, have resulted in additional investment, targeted policy development and recommendations for further action and investment.

Access, inclusion and affordability to high-quality early learning and care, were key themes from the Productivity Commission (PC) in its final report, *A path to universal early childhood education and care*. ELACCA supports the clear pathway for the reform recommended by the PC, which prioritises access, affordability and inclusion for the children and families who are the most likely to benefit from high-quality early learning and care but are the most likely to be missing out.

A consistent recommendation across recent inquiries, and advocacy focus from the sector, has been to remove or amend the Child Care Subsidy (CCS) activity test. The CCS activity test is currently a barrier to children, often more likely facing vulnerable or disadvantage, from accessing early learning and care.

Providing an accessible and equitable system for all Australians

Encouraging and enabling all children to participate in early learning is an immediate challenge for governments in Australia, with substantial long-term benefits for the whole country.¹ We urge all Members of the Australian Parliament to support Australian families with young children, particularly those facing vulnerability or disadvantage, by identifying and removing barriers preventing their participation in the early learning and care system.

Prioritising ease of access and inclusion of children experiencing vulnerability and / or disadvantage, regardless of where they reside or their parent/s' work status, with particular focus on priority cohorts, is

¹ PwC. (2019). [A Smart Investment for a Smarter Australia](#).

vital for an equitable start in life for all Australian children. Currently, approximately 126,000 lower-income households are missing out on early learning and care.²

If we are to improve access, reduce childhood disadvantage and maximise the impact of early learning and care – for all children, families, and the economy – the current policy settings need further iteration. As we know, the CCS activity test constrains consistent attendance, including for vulnerable and disadvantaged cohorts, and hinders the ability for services to effectively plan, due to a dependence on changes to parent and carer fortnightly activity cycles.

ELACCA response to the *Early Childhood Education and Care (Three Day Guarantee) Bill 2025*

ELACCA welcomes and supports the Three Day Guarantee legislation. The Three Day Guarantee will provide Australian children with access to three days of high-quality early learning and care, and amend the activity test as a requirement to access childcare subsidies, and increasing the entitlement for Aboriginal and Torres Strait Islander children.

Our support for this Bill as evidenced in our 2025-26 Pre-Budget submission to the Australian Treasury, where we urged Government to legislate changes to the activity test in the February 2025 sitting weeks, *‘as an immediate priority, to provide all children with a base entitlement of subsidised early learning and care (at least three days), regardless of their parents’ engagement in work or study.’*

ELACCA supports the purpose of the Bill, which amends the *A New Tax System (Family Assistance) Act 1999* (the FA Act) and the *A New Tax System (Family Assistance) (Administration) Act 1999* to modify the activity test to enable:

- all families to access a minimum of 72 hours of subsidised care a fortnight regardless of their time spent in recognised activities—that is, the ‘3 Day Guarantee’
- families caring for Aboriginal and Torres Strait Islander children will be able to access 100 hours of subsidised care a fortnight regardless of their activity level (up from a minimum of 36 hours of subsidised care a fortnight).

ELACCA notes and supports those with more than 48 hours or more recognised activities per fortnight can access 100 hours of subsidised care.

ELACCA supports that the passing of the legislation this month will allow the changes to commence from 1 January 2026.

The reforms contained in this Bill will make a significant difference to the accessibility of early learning and care to children who have the most to gain from attending. The reforms are also the important first step in implementing the PC’s recommendations to improve affordability of early learning and care, and making access to subsidies simpler.

Demand for early learning and care places, following the implementation of this reform, has been highlighted as a potential concern in some discussion surrounding this legislation. Preliminary insights from ELACCA, using member data from services across the country, indicates that there is, on average, capacity across the sector to respond to this demand in all jurisdictions, noting location specific and age group variability. ELACCA estimates over 360,000 additional children could be supported to attend 3 days per week.

² Impact Economics and Policy (2022), [Child Care Subsidy Activity Test: Undermining Child development and Parental Participation](#)

Guidelines for priority of access

As indicated on the previous page, ELACCA estimates that there is significant latent capacity in the system to account for increased enrolments resulting from this legislation.

However, ELACCA recommends the Federal Department of Education work with the sector to develop and implement priority of access guidelines. The objective of such guidelines is to ensure access to early learning and care is prioritised to children who may be facing vulnerability and disadvantage, and to prevent unintended outcomes, including ensuring that existing children from working families are not displaced. As is policy currently under the Victorian Government, service providers could be responsible for notifying families of the priority of access policy that applies to their child, or family circumstances at the time of enrolment³.

Affordability reform to complement Three Day Guarantee

The package of reforms provided in the PC's final report prioritise quality, inclusion, supply of places and affordability. The proposed reforms are based on a child-centred, family-focussed approach to early learning and care.

Changes to the CCS activity test are the first step in reforming access and affordability for quality early learning and care in Australia. ELACCA recommends Government improve affordability of early learning and care for all eligible families, by implementing the PC's recommendations regarding the CCS.

ELACCA recommends Government consult closely with the early learning and care sector, particularly providers and relevant peaks like ELACCA, on the Government's Early Education Service Delivery Price project, to ensure the true cost, complexity and variations is understood and adequately considered.

ELACCA and our members are well-placed to provide expert advice to government as part of its Service Delivery Price project. We stand ready to work with the Department of Education to inform future funding reform.

ELACCA and our members look forward to the opportunity to work closely with Government, to ensure we continue to build upon an innovative, affordable and high-quality early learning and care sector for all children, particularly those experiencing vulnerability and/or disadvantage. ELACCA is also committed to working with Government to implement the PC's inclusion recommendations, as a high and significant priority.

ELACCA appreciates the opportunity to provide feedback on this legislation. ELACCA will continue to engage with the Department of Education to support the implementation of the Bill and any associated guidelines. For further information or clarification, please contact ELACCA CEO, Elizabeth Death () or Sally Maddison, Policy Manager ().

Finally, we offer our congratulations to members of the Australian Parliament for supporting the passage of this Bill through both Houses of Parliament. It provides meaningful and needed reform for Australian families.

Thank you for considering our submission.

³ See Victorian Department of Education guidelines: <https://www.vic.gov.au/priority-access-criteria>



Early Learning
& Care Council
of Australia

elacca.org.au