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Early Childhood Education and Care
Productivity Commission
Locked Bag 2, Collins St
East Melbourne VIC 8003

Thank you for creating the opportunity to submit to the Productivity Commission inquiry into Early Childhood Education and Care.

Representing the north-western quarter of Victoria, the Loddon Mallee Regional Development Australia Committee (RDA) is particularly keen to shine a light on the specific difficulties in providing childcare in the rural parts of our region, problems which will be replicated across all rural areas. Compared to urban areas where issues of affordability have driven public debate, the overriding issue in rural areas is a lack of access to any childcare. Lower population densities have created unique 'thin market' problems that are unique to rural areas.

We encourage the Productivity Commission to recognise that one solution will not suit all communities and that in rural areas new models for the provision of Childcare need to be found. The following observations and suggestions have arisen from recent work we have undertaken to investigate the cost-effective interventions that will improve access to childcare in rural areas. Our report 'Enabling Early Childhood Education & Childcare in Rural Areas' accompanies this submission, but can also be found at <https://investloddonmallee.com.au/wp-content/uploads/2023/04/20220061-SGS-Final-Report-ECEC-services-in-Loddon-Mallee-1.pdf>

This report and summary brochure was prepared in late 2022 and has the support of 26 organisations from within our region. Below, I summarise the main messages from this report.

Impacts of not having access to Childcare

Over 19,000 children under the age of 4 live in rural areas in Victoria's Loddon Mallee Region. In these rural areas there are approximately 100 children per childcare service, which is among the worst rates in our State, and in some Shires such as Loddon Shire there are no services operating. This lack of childcare is a primary barrier to workforce participation, particularly for women. Loddon Shire, which has no services has only 43% female participation in the workforce which is significantly below the Victorian average.

Without access to Childcare, families have lower disposable incomes, the region's businesses are adversely affected, and children are less likely to participate in early education with 1 in 3 children from our region arriving in the first year of school not ready to learn.

Required Intervention – Increased Childcare Subsidies

The 'Enabling Early Childhood Education & Childcare in Rural Areas' report that is attached to this submission analysed the costs of operating childcare services in a rural setting.



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Through this analysis the report identified the level of additional subsidisation required over and above the subsidies already provided by the Commonwealth Government to ensure the financial viability of a rural childcare service.

The Commonwealth Government childcare subsidies would need to increase 9% to service the running cost shortfalls caused by operating smaller scale services and increased input costs. In rural areas, if services are provided, it is only due to subsidisation by local government, yet these same local governments are the least able to afford these costs as they have low rates bases.

Required intervention – Co location and Integration of Early Years Services

The integration of early years services allows for cost savings that arise from the sharing of facilities and administrative staff.

We see potential for co-location and integration of Childcare with Kindergarten, Primary Schools, Child and Maternal & Child Health services and other similar services. For the families, integration of services provides convenience and promotes continuity of service provision.

To achieve co-location and integration of services we require the Commonwealth and State Governments to commit to working together. We also need governments to review the regulatory barriers that prevent integration.

Required intervention – Incentivise rural staff accreditation and retention

Problems in attracting and retaining early childhood educators is not unique to rural areas. A contributing factor is that Early childhood educators are some of the lowest paid people in Australia ... earning 50% of average weekly earnings.

Wages need to be improved across the board. In rural areas we need improved training opportunities to supply the workforce we need.

Investment in Childcare has Greater Benefits than Costs

In closing I want to emphasise the finding from the 'Enabling Early Childhood Education & Childcare in Rural Areas' report, identified that investing in the recommended interventions would provide \$1.32 in benefits for every \$1 spent.

We need these changes introduced now to: improve education outcomes, increase workforce participation, increase the earnings generated by rural business that employ the expanded rural workforce and reduce disadvantage for at risk rural children.

Yours sincerely

Leonie Burrows
Chair Loddon Mallee RDA