29 September 2026

The Committee Secretary
Senate Education and Employment References Committee
PO Box 6100
Parliament House
Canberra ACT 2600

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

Dear Committee Secretary

Family Day Care Australia (FDCA) welcomes the opportunity to contribute to the Senate Education and Employment References Committee's inquiry into the state of Australia's early childhood education and care (ECEC) system in rural, regional and remote communities. As the national peak body for family day care, FDCA represents educators and approved services operating across Australia and has a particular interest in ensuring that regional ECEC policy recognises the different service models required to deliver safe, high-quality and sustainable access in communities with very different population, workforce and geographic characteristics.

FDCA's central proposition is straightforward: improving regional ECEC access requires more than increasing the aggregate number of places. Access depends on whether appropriate care is available where families need it, at the times they need it, for the ages and circumstances of their children, and whether the service model can remain viable in the community over time. In many rural, regional and remote communities, these questions cannot be answered through centre-based expansion alone.

Family day care has a distinctive contribution to make. It can operate at smaller scale, respond to low or variable demand, provide non-standard hours, care for mixed-age sibling groups and locate education and care close to where families live and work. The Productivity Commission has expressly recognised family day care as part of the solution in thin markets where demand may be low or variable, while the Regional Education Commissioner has called for greater use of flexible models, in-venue family day care, ongoing operational funding in thin markets and a dedicated family day care traineeship program (Productivity Commission 2024, vol. 1, pp. 76-77; Regional Education Commissioner 2025, pp. 14, 20, 26).

FDCA does not suggest that family day care is the preferred solution in every community. Rather, regional ECEC planning should identify the nature of the local access gap first and then support the mix of service models best able to meet it. A universal ECEC system will need different models in different places, while maintaining common expectations for children's safety, rights, quality and educational outcomes.

FDCA would welcome the opportunity to provide further evidence to the Committee or appear at a public hearing.

Yours sincerely



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1. Key recommendations

Recommendation 1: Build regional ECEC planning around local need and service diversity

The Australian Government should establish a more deliberate place-based stewardship approach to rural, regional and remote ECEC. Needs assessment should consider actual vacancies and waiting lists, hours of care required, age groups, workforce availability, transport and distance, inclusion and cultural needs, local infrastructure and the viability of different service models. Family day care should be routinely considered alongside centre-based care, outside school hours care, in home care, mobile and other locally appropriate models.

Recommendation 2: Establish a sustained regional family day care workforce strategy

The Australian Government should support recruitment, entry and retention across the family day care educator lifecycle, including targeted recruitment in areas of unmet need, start-up and establishment assistance, locally accessible qualification and supervised training pathways, recognition of housing and premises barriers, mentoring and post-entry support, and workforce assistance mechanisms that work for the predominant contractor-based family day care model.

Recommendation 3: Correct the inequitable family day care CCS hourly rate cap

The Australian Government should act urgently to correct the family day care CCS hourly rate cap by increasing and recalibrating it to reflect contemporary delivery costs and support both family affordability and sustainable educator remuneration. The need for reform has already been established through the ACCC, Productivity Commission and successive family day care cost evidence. The Early Education Service Delivery Prices (SDP) project should therefore inform the design and future calibration of the new setting, not operate as a further precondition to action. Reform should also recognise the higher cost of non-standard hours care and the dual-layered cost structure of family day care, encompassing both educator and approved service costs.

Recommendation 4: Provide predictable supply-side support for family day care in persistent thin markets

Commonwealth regional ECEC funding should distinguish between one-off establishment support and ongoing viability support. Where local need is established but ordinary market conditions cannot sustain provision, funding should be available for continuing operating costs, including the additional costs approved services incur in monitoring, mentoring and supporting geographically dispersed educators.

Recommendation 5: Enable safe and nationally coherent flexible family day care models

The Australian Government should work with states and territories through the National Quality Framework (NQF) and relevant policy processes to establish clearer national pathways for in-venue family day care and appropriate two-educator or shared-premises arrangements in regional communities, while maintaining robust child safety, quality, governance and educator-to-child ratio requirements.

Recommendation 6: Evaluate Commonwealth investment against access outcomes and improve family day care data

Existing and future regional ECEC programs should explicitly accommodate the family day care operating model and be evaluated against outcomes such as new educator commencements, retention, additional operating capacity, actual hours of care, geographic reach and sustainability after funding ceases. Regional data should distinguish the location of family day care educators from the administrative address of the approved service.

2. Introduction and evidence base

The inquiry's terms of reference are appropriately framed for the regional ECEC challenge. They recognise that access needs to be considered across service types and geography, that workforce and housing constraints are material, that affordability cannot be separated from the structure and cost of supply, and that existing Commonwealth investment should be tested for effectiveness rather than considered only by the amount of funding committed.

FDCA has structured this submission around those terms of reference, with a focus on where family day care can add capacity and flexibility to the broader ECEC system and what settings are required for that contribution to be sustainable.

The submission gives greatest weight to national administrative data and independent system evidence, including the Productivity Commission's 2024 ECEC Inquiry, the ACCC Childcare Inquiry, the Report on Government Services, the 2024 National ECEC Workforce Census, ACECQA data, the Regional Education Commissioner's 2025 Annual Report and current Department of Education CCS data. These sources are supplemented by FDCA's sector experience, current program work and a targeted September 2026 consultation with family day care educators and approved services[1].

Family day care is structurally distinct from centre-based ECEC. Education and care is delivered by an individual educator, generally as an independent small business, from an approved residence or venue. Each educator operates through an approved family day care service, which carries substantial responsibilities for educator assessment and registration, monitoring, professional support, quality improvement, child safety, governance, CCS administration and compliance. This educator-service relationship is central to understanding both the strengths and the economics of the model.

3. The extent and nature of regional ECEC service gaps

3.1 Regional access is more than the numerical availability of places

The national evidence is clear that ECEC availability varies markedly across Australia. The Productivity Commission found that availability tends to be poorer in regional and remote areas and in communities experiencing higher levels of socio-economic disadvantage. It identified persistent thin markets in which demand is insufficient to support competitive provision and recommended additional supply-side support where providers are unlikely to invest even after broader affordability reforms (Productivity Commission 2024, vol. 1, pp. 75-76).

The Regional Education Commissioner has reached a similar conclusion, arguing that smaller regional, rural and remote communities often lack the population and economies of scale required to sustain metropolitan service models. The Commissioner's 2025 report calls for locally designed, flexible approaches and secure ongoing funding where ordinary market settings cannot sustain provision (Regional Education Commissioner 2025, pp. 13-20). AERO's 2025 review of delivery approaches in regional and remote thin markets likewise concludes that no single delivery model will address regional access and that successful approaches need to be tailored to individual communities, supported by local engagement and government action (AERO 2025, p. 33).

For policy purposes, FDCA considers that regional access should be assessed across at least four dimensions: geographic availability; operating hours and flexibility; suitability for the ages and circumstances of children and families; and the reliability and continuity of provision over time. A nominal vacancy is not meaningful access if it is too far away, unavailable at the hours a family works, unsuitable for a child's needs, or dependent on a service model that is not financially sustainable.

[1] FDCA's September 2026 consultation was designed to provide contemporary qualitative and quantitative sector intelligence rather than a statistically representative survey of all regional family day care. 71 educators and 19 approved services completed the main substantive questions. Survey percentages in this submission are therefore used as indicative sector evidence.

3.2 Family day care has particular relevance in dispersed and variable-demand markets

The Productivity Commission's Finding 5.5 expressly states that family day care can be part of the solution in markets where demand is low or variable (Productivity Commission 2024, vol. 1, p. 77). This matters because family day care can add local capacity without requiring the scale, capital investment or concentrated demand associated with a conventional centre.

The model also makes a distinctive contribution to flexibility. The Report on Government Services 2026 shows that in the March quarter 2025, 57.3% of CCS-approved family day care services provided non-standard hours of care, compared with 43.0% of centre-based day care services. The Productivity Commission appropriately cautions that this measure does not demonstrate the level of demand or whether available hours meet all users' needs, but it does provide national evidence that family day care is disproportionately represented among services offering care outside standard hours (Productivity Commission 2026, table 3.5).

FDCA's September 2026 educator consultation is consistent with this system-level evidence. 87.3% of respondents identified small-group care as an important feature of family day care in their communities, 85.9% identified continuity of relationships, 83.1% mixed-age sibling care and 76.1% noted care close to where families live or work. Flexible or non-standard hours and culturally responsive or community-connected care were each identified by 59.2%. These responses should not be treated as population estimates, but they illustrate the characteristics educators see as most relevant to regional families.

Family day care will not be appropriate in every location. Its value is that it expands the set of viable responses available to governments and communities. In some markets, the right response will be a centre. In others, one or more family day care educators, an approved venue, a mobile or in home care model, or a combination of models may better match the scale and pattern of local demand.

3.3 Existing regional family day care capacity is contracting

The need to consider family day care as part of the regional access response sits alongside a significant contraction in the workforce available to deliver it. The Regional Education Commissioner's 2025 Annual Report, drawing on the 2024 National ECEC Workforce Census, records 4,837 family day care educators across regional and remote Australia in 2016, 3,208 in 2021 and 2,497 in 2024. Family day care and in home care were the only service types covered by the census to experience workforce decreases over that period, even as the overall regional and remote ECEC workforce grew (Regional Education Commissioner 2025, pp. 24-25).

The contraction is continuing at service level. Department of Education data for the June quarter 2026 show that the number of CCS-approved family day care services operating nationally fell by 8.5% from the June quarter 2025. This is a national figure rather than a regional estimate, but it matters to regional access because one approved service can support educators across multiple communities and a large geographic footprint.

The implications of losing family day care capacity are not captured simply by counting places. The loss of an educator can remove care at particular hours, care for school-age siblings, or a small-group environment that was usable for a particular child. The loss of an approved service can also remove the governance and support infrastructure through which multiple educators operate. Protecting existing capacity should therefore be treated as part of an access strategy, not as a separate industry concern.

4. Attracting, training and retaining the regional family day care workforce

4.1 The workforce problem is not simply a shortage of interested people

Family day care workforce supply is shaped by a different entry proposition from employment in an established centre. A prospective educator generally needs to hold the required qualification before commencing, establish a compliant care environment and small business, secure suitable housing or premises, obtain insurance and other checks, invest in resources and equipment, and complete service and regulatory approval processes before earning income.

The ACCC documented these establishment costs in its Childcare Inquiry, including home modifications, checks, insurance, educational and safety equipment, IT and software. It also noted that these upfront costs may deter entry and that family day care educators and services do not necessarily benefit from the economies of scale available elsewhere in the sector (ACCC 2023, p. 186).

Housing is increasingly part of the workforce problem. In home-based family day care, an educator may be willing and qualified but unable to commence because a rental property is unsuitable, landlord approval is unavailable, modifications are unaffordable, or the available housing stock cannot support regulated care. The Regional Education Commissioner identifies the reliance on an educator's home as a specific entry barrier and notes that better utilisation of in-venue family day care could expand the potential workforce (Regional Education Commissioner 2025, p. 25).

FDCA's service consultation reinforces these pressures. 80% of service respondents selected insufficient educators or difficulty recruiting as one of the principal constraints on access or expansion. When asked about attraction and retention pressures, 53% selected administrative workload, 47% regulatory and compliance requirements, and 40% each selected inadequate educator income and housing affordability or suitability. These are small-sample findings, but they point to a cumulative entry and retention problem rather than a single workforce lever.

4.2 Qualification and training pathways need to reflect the family day care model

Qualification standards are an essential part of quality and professional capability. The issue for family day care is whether the pathway to achieving those standards creates an avoidable barrier to entry in regional communities.

The Regional Education Commissioner notes that, unlike centre-based ECEC where a person may work while actively working towards an approved Certificate III in relevant circumstances, a family day care educator must hold the approved qualification before commencing. The Commissioner identifies the absence of a combined training and employment pathway as a workforce barrier (Regional Education Commissioner 2025, p. 25).

This issue has now been recognised in two significant independent processes. The Productivity Commission's Recommendation 3.4 calls for bespoke traineeship pathways for family day care settings (Productivity Commission 2024, vol. 1, p. 66). The Regional Education Commissioner goes further in Issue for Consideration 5, recommending that the Australian Government develop and implement a family day care traineeship program (Regional Education Commissioner 2025, p. 26).

FDCA supports progression of this work, but considers that the policy objective should be broader than replicating a traditional centre-based traineeship. Options should include supervised training arrangements, high-quality recognition of prior learning, modular or micro-credentialled components where appropriate, strengthened practical placement pathways and other mechanisms that allow prospective educators to build capability without weakening qualification, child safety or quality standards.

4.3 Retention and remuneration settings need to work for the actual workforce model

The ACCC found limited financial incentive for family day care educators to enter or remain in the sector and concluded that available evidence supported a finding that educator income was

significantly below comparable award-based employment. The ACCC also cautioned that its educator cost sample primarily reflected major-city educators and may include part-time workers, meaning those figures should not be treated as a contemporary regional earnings estimate (ACCC 2023, pp. 187-188). The broader finding about weak financial incentives, however, is directly relevant to workforce sustainability.

Current workforce assistance also illustrates the importance of designing policy around the actual family day care operating model. The Australian Government extended the Worker Retention Payment to family day care from July 2026, but eligibility is currently limited to family day care services that engage all educators as employees. Services engaging some or all educators as contractors are excluded. Given that independent contracting remains the predominant educator model in family day care, this leaves a substantial part of the workforce outside the principal Commonwealth wage-retention mechanism.

FDCA's position is not that contractor status should reduce integrity or accountability requirements. Rather, where governments seek equivalent workforce outcomes across service types, the mechanism must be capable of operating through materially different workforce structures. Regional workforce policy should avoid making access to support contingent on adopting an employment model that may not reflect the established structure of the sector.

4.4 Approved service capability is part of workforce retention

Family day care educators do not operate in isolation from governance and professional support. Approved services recruit and assess educators, approve residences and venues, undertake monitoring visits, provide mentoring and professional development, support educational practice and quality improvement, oversee child safety and compliance and administer CCS obligations. The cost of performing these functions rises in geographically dispersed markets. The ACCC specifically identified the high travel costs associated with coordinator visits to rural and regional educators, including fuel, flights and accommodation, as a potential challenge to family day care service viability (ACCC 2023, p. 186).

This matters for both access and quality. Recruitment funding that establishes new educators without ensuring the approved service has the capability to support and monitor them risks creating fragile capacity. Regional workforce policy should therefore recognise the educator and approved service layer as connected parts of the same delivery model.

5. Child Care Subsidy, affordability and the economics of regional family day care

5.1 The family day care hourly rate cap warrants specific review

The family day care CCS hourly rate cap is a material part of educator and family economics because educators generally derive their business income from fees for care, while a family's subsidy is calculated against the lower of the service fee and the applicable hourly rate cap.

In the June quarter 2026, before the 2026-27 indexation took effect, the national average family day care hourly fee was $13.95 against a family day care cap of $13.56. Only 45.2% of family day care services had an average hourly fee at or below the cap. From 6 July 2026, the family day care cap increased to $14.08 for both below-school-age and school-age children. For below-school-age care, this remains below the centre-based day care cap of $15.19.

These settings matter in two directions. Where fees exceed the cap, the amount above the cap receives no CCS and is borne by the family. Where educators constrain fees to protect affordability, their capacity to absorb increases in insurance, utilities, resources, property and compliance costs is reduced.

Both major national inquiries have identified the need for closer examination of the family day care cap. The ACCC recommended that the family day care and in home care hourly rate caps be

reviewed, with consideration given to increasing them so providers can adequately cover costs including appropriate labour costs (ACCC 2023, Recommendation 2). The Productivity Commission subsequently recommended a review of the family day care hourly rate cap to better reflect operating costs and support affordability, while maintaining integrity, and also recommended consideration of whether a separate cap is required for non-standard hours (Productivity Commission 2024, vol. 1, p. 81).

FDCA considers that the current Early Education Service Delivery Prices project provides a timely vehicle for strengthening the evidence base. The project is expressly designed to identify the true and reasonable costs of delivering safe, quality ECEC and how those costs vary across service types, provider characteristics, geographic locations and cohorts. It is important that the project captures both approved service costs and educator-level costs in family day care, because the latter are not fully visible in approved service accounts.

However, at a broader level, there is an irrefutably compelling case for moving from repeated acknowledgement of the problem to action. FDCA has advocated for reform of the family day care hourly rate cap since the current CCS architecture commenced in 2018. The original differential cap was based on 2015 fee data (which was flawed due to fraudulent activity within the sector) and assumptions including lower family day care overheads, longer booked sessions and lower or similar fees for non-standard hours. FDCA has consistently argued that those assumptions were either never accurate or are no longer applicable, and subsequent evidence has progressively vindicated that position. The ACCC found that the family day care cap is unlikely to adequately cover costs and recompense educators and specifically recommended that it be reviewed and consideration given to increasing it; the Productivity Commission subsequently recommended that the cap be reviewed to better reflect operating costs and support affordability; and independent cost analysis cited by FDCA has found family day care delivery costs to be comparable to long day care. The problem has therefore been identified, evidenced, independently validated and repeatedly recommended for review across multiple policy cycles. *The case for reform is no longer contingent on establishing whether a problem exists, and repeated review without timely corrective action risks becoming a substitute for reform.*

That urgency is now heightened by the current Worker Retention Payment settings. Significant Commonwealth investment is improving remuneration across much of centre-based ECEC, while the predominant contractor-based family day care educator workforce remains outside an equivalent benefit. In that context, continuing to maintain a structurally lower CCS cap for family day care does not merely preserve an historical anomaly; it compounds an increasingly inequitable workforce and funding environment. This is particularly difficult to justify when family day care is simultaneously being relied upon to provide flexible, non-standard-hours and thin-market capacity in communities where other models may be less viable.

Further delay risks accelerating educator exits, increasing family out-of-pocket costs and weakening precisely the flexible regional capacity that governments are now seeking to rebuild.

5.2 Demand-side subsidy needs to be complemented by supply-side support

The Productivity Commission's Recommendation 5.2 provides a useful framework for regional policy. It distinguishes communities where one-off capital support may unlock viable supply from those where demand is too low to cover ongoing operating costs and recurrent block funding is required to maintain a baseline level of provision (Productivity Commission 2024, vol. 1, p. 76).

This distinction is particularly relevant to family day care. A new educator may need modest establishment funding for fencing, equipment, training or premises modifications. An approved service supporting a small number of educators across a very large geographic area may require a different form of continuing assistance to meet travel, coordination and assurance costs. These are different policy functions and should not be conflated.

A sustainable regional family day care architecture therefore needs to balance three connected considerations: affordability for families, viability for educator businesses and sufficient approved service capability to maintain quality, safety and compliance. If any one of those elements fails, local access becomes less sustainable.

5.3 The 3 Day Guarantee improves entitlement, but entitlement is not supply

FDCA supports measures that reduce financial barriers to ECEC participation. From 5 January 2026, the 3 Day Guarantee replaced the previous activity-test structure and gives all CCS-eligible families access to at least 72 hours of subsidised care per fortnight, subject to the broader CCS eligibility framework.

This is an important affordability reform. It does not, however, guarantee that a place is available. Families must still secure a place with a provider and may still need to pay a gap fee. For many rural, regional and remote communities, the policy challenge therefore has two parts: whether a family is entitled to subsidised care, and whether appropriate supply exists for them to use that entitlement.

6. Effectiveness of existing Commonwealth programs and investments

Recent Commonwealth initiatives represent a meaningful shift towards recognising that regional ECEC access requires more than demand-side subsidy and conventional centre-based expansion. FDCA welcomes this direction. The key question for this inquiry is now whether these initiatives are producing durable additional access and whether their design works across service types.

6.1 Family Day Care Capability Trial

The Family Day Care Capability Trial is an important evidence-generating initiative. The Department of Education describes the Trial as testing ways to strengthen the family day care model and improve access to flexible ECEC in areas of limited supply. Its recruitment activity is deliberately limited to selected Statistical Area Level 2 priority locations and a limited number of participating services, with business support and eligible educator start-up reimbursements available through the recruitment stream. The Innovative Models work develops case studies of alternative approaches, including in-venue family day care and partnership models.

For the purposes of this inquiry, the Trial should be assessed according to the outcomes it produces rather than the existence of the activity itself. Relevant measures include the number of prospective educators progressing to approval, commencement and 12- or 24-month retention; additional children and hours of care delivered; the geography and hours of new capacity; the cost of establishing that capacity; and whether participating services are able to sustain the additional educators once project support ends.

It is also important to distinguish Trial-funded activity from models that the Trial has documented for evidence purposes. The BHP Mitsubishi Alliance-supported family day care partnership in Dysart and Moranbah, for example, is a separate industry partnership initiative involving BMA, FDCA and an approved family day care service. It has been documented through the Trial's Innovative Models work, but it is not funded as a Capability Trial initiative. Its relevance is as an example of employer co-investment addressing local workforce and establishment barriers, not as evidence of a Trial-funded outcome.

6.2 Building Early Education Fund

The Building Early Education Fund is significant because its small-scale grants explicitly recognise in-venue family day care as a legitimate infrastructure response in communities with no existing ECEC provision. This is an important move towards model-neutral infrastructure policy. The Fund also provides up to $40 million in time-limited operational support for services established or expanded through a Building Fund capital grant where ongoing assistance is needed.

At this stage, however, the small-scale grant round should be regarded primarily as a promising policy design rather than evidence of proven effectiveness. Applications closed in May 2026 and implementation remains in progress. Evaluation should therefore test whether the Fund produces additional and sustainable access, including whether in-venue family day care applications can progress through planning, regulatory and operating requirements in practice.

6.3 Community Child Care Fund

The Community Child Care Fund (CCCF) remains one of the Commonwealth's principal supply-side mechanisms for communities experiencing disadvantage, vulnerability and regional access constraints. Round 5 offered $106.9 million to 386 services, including $99.5 million in sustainability support and $7.3 million in capital support over three years. Family day care services are represented among successful locations.

This is valuable investment, but it also illustrates the difference between episodic grant programs and enduring thin-market architecture. Round 5 projects are only commencing from September 2026, so the effectiveness of the new round cannot yet be assessed. More broadly, a competitive grant that opens periodically may not respond quickly enough where an existing regional service is moving towards closure between funding rounds. The Regional Education Commissioner has specifically recommended a system of operational funding for ECEC services in thin regional markets where demand is insufficient to sustain provision (Regional Education Commissioner 2025, p. 20).

6.4 A stronger evaluation framework is needed across programs

FDCA recommends that Commonwealth regional ECEC programs adopt a common set of outcome measures that allow government and the sector to understand what additional access has actually been created and sustained. At a minimum, evaluation should identify:

- additional operating places or care capacity created, by service type and location;
- days and hours of care made available, including non-standard hours;
- educator commencements and retention at 12 and 24 months;
- changes in waiting lists or unmet demand where reliable local data are available;
- the level and duration of operating support required to sustain provision;
- whether the service or educator remains viable after establishment funding ceases; and
- quality, child safety and compliance outcomes alongside access outcomes.

This would allow future investment to move progressively from isolated projects towards an evidence-based regional service architecture.

7. Aboriginal community-controlled ECEC

The inquiry specifically seeks evidence on the challenges Aboriginal community-controlled organisations face in providing ECEC for Aboriginal and Torres Strait Islander communities. FDCA recognises *SNAICC - National Voice for our Children* as the relevant national peak body on Aboriginal and Torres Strait Islander early childhood matters and therefore will defer to evidence presented by SNAICC to the Committee on this term of reference.

To the extent that broader recommendations in this submission relating to operational funding, flexible delivery models, workforce pathways, infrastructure or place-based planning intersect with Aboriginal and Torres Strait Islander communities, their design and implementation should be informed by community leadership, co-design and shared decision-making.

8. Other related matters: stewardship, quality and flexible service delivery

8.1 Regional planning should identify the problem before prescribing the model

The strongest common theme across the Productivity Commission, ACCC, Regional Education Commissioner and AERO evidence is that regional ECEC markets are heterogeneous. A community with very low and fluctuating demand presents a different problem from a mining town with strong demand concentrated around early starts, overnight work or shift rosters. A regional centre with housing shortages presents a different workforce problem from a remote community in which distance itself is the central barrier.

Government stewardship should therefore begin with a local access diagnosis. Relevant questions include the number and ages of children requiring care, the hours required, workforce availability, local employment patterns, housing and infrastructure, transport, inclusion and cultural needs, current service capacity and waiting lists, and which models could operate safely and sustainably at the required scale.

This is not an argument for family day care preference. It is an argument against assuming that a single model can achieve equivalent access everywhere.

8.2 Flexible family day care models should be enabled through clear national parameters

The Productivity Commission's Recommendation 5.3 proposes amendment of the National Quality Framework to allow two educators to provide education and care to up to 14 children at an approved family day care venue in specified regional and remote classifications, with no more than eight children preschool age or under (Productivity Commission 2024, vol. 1, p. 77). The Regional Education Commissioner has independently called for greater use of in-venue family day care and an increase in current in-venue educator limits to allow two approved educators to care for no more than 14 children (Regional Education Commissioner 2025, p. 14).

FDCA supports further intergovernmental work on these models. Clear national parameters would be preferable to dependence on ad hoc local interpretations, provided any reform preserves robust requirements for child safety, educator suitability, supervision, premises, ratios, approved service governance and regulatory oversight.

The potential value is practical. In-venue delivery can remove housing and rental barriers, allow communities to use underutilised halls, former kindergartens or other suitable facilities, and preserve a local ECEC site even if an individual educator later leaves. Where demand supports it, appropriately designed two-educator arrangements can also make more productive use of scarce premises and support professional connection between educators.

8.3 Quality and access should be designed together

FDCA does not support relaxing child safety or quality standards in order to expand regional supply. The policy task is to ensure that regulation is capable of securing equivalent outcomes across structurally different service environments.

National quality data show continued improvement in family day care. ACECQA's Q4 2025 NQF Snapshot reported that 80% of rated family day care services were Meeting the National Quality Standard or above. This does not mean that quality challenges are resolved, nor does it establish that any particular innovative model is safe. It does demonstrate that family day care can operate within a strong national quality framework and that expansion and assurance should be pursued together.

The approved service layer is central to this objective. Flexible models are more likely to be safe and sustainable where capable services can assess environments, monitor educators, provide professional support, identify emerging risks and maintain clear governance and accountability. Funding and regulatory design should therefore treat approved service capability as part of regional quality infrastructure, not as an administrative overhead detached from children's outcomes.

8.4 Better data are necessary for effective stewardship

Regional planning is constrained by the way family day care is represented in many datasets. The administrative address of an approved family day care service may be located in a regional centre or metropolitan area while its educators operate across numerous communities, sometimes hundreds of kilometres away. Service-level geography can therefore misstate where family day care capacity actually exists.

Future regional market analysis should, where privacy and data governance permit, use educator-location information and distinguish nominal service approval from actual operating capacity. It should also capture hours offered, age groups served, non-standard-hours demand, educator and service exits and the availability of approved services able to support new educators.

The absence of this information can produce two policy errors: treating a community as served because a service exists somewhere in the broader area, or failing to recognise emerging loss of capacity until an educator or approved service has already exited.

9. Conclusion

Australia's progress towards more universal ECEC will ultimately be tested in the communities where ordinary market conditions make provision hardest to establish and sustain. Rural, regional and remote communities face different combinations of distance, population density, workforce shortages, housing constraints, infrastructure gaps, local employment patterns and higher delivery costs. A uniform service response will not address those differences.

The national evidence already points towards a more differentiated approach. The Productivity Commission recognises family day care as part of the response in low and variable-demand markets and recommends supply-side support in persistent thin markets. The Regional Education Commissioner has called for ongoing operational funding, flexible delivery models, in-venue family day care and a dedicated family day care traineeship program. The ACCC has identified weak financial incentives, concerns about the family day care hourly rate cap and the additional costs of supporting geographically dispersed educators.

At the same time, regional family day care capacity has contracted sharply. Reversing that trajectory will require more than recruitment. Governments need to address entry costs, qualifications, housing, educator income, approved service capability, regulatory pathways and the economics of thin-market delivery as connected parts of the same system.

Recent Commonwealth initiatives provide a useful foundation. The 3 Day Guarantee improves subsidy entitlement; the Capability Trial is generating practical evidence; the Building Early Education Fund recognises in-venue family day care; the Community Child Care Fund provides sustainability support; and the Service Delivery Prices project is building a stronger cost evidence base. The next step is to connect these measures into a coherent regional ECEC framework and evaluate whether they are producing sustainable access on the ground.

Family day care should not be treated as the answer in every community. It should, however, be deliberately considered wherever its scale, flexibility and community-based delivery align with the access problem governments are trying to solve. In many regional, rural and remote communities, maintaining and rebuilding that capacity will be an important part of achieving accessible, high-quality, reliable and flexible ECEC.

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