

September 2026

23 September 2026

Committee Secretary
Senate Standing Committees on Education and Employment

Dear Committee,

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

On behalf of the Limestone Coast Local Government Association (LCLGA), I am pleased to provide this submission to the Senate inquiry into the state of Australia's early childhood education and care system in rural, regional and remote communities.

Access to high-quality, affordable and reliable early childhood education and care is an urgent regional priority. Across the Limestone Coast, shortages are limiting parents' capacity to participate in work and study, constraining employers' ability to recruit and retain staff, and affecting the liveability and long-term growth of our communities. These impacts are particularly acute in smaller communities and thin markets, where genuine demand does not necessarily translate into commercially viable services.

Our submission draws on regional evidence, including work undertaken by Regional Development Australia Limestone Coast and the direct experience of our member councils. It highlights the important role local government can play in identifying need, convening partners, contributing local knowledge and facilitating place-based solutions. However, councils cannot become the funder of last resort for structural failures in the national childcare system.

LCLGA urges the Australian Government to establish a coordinated regional framework that recognises the distinct challenges of rural and regional communities, supports flexible service models, provides targeted capital and long-term viability funding, addresses workforce shortages and prevents further cost shifting to local government.

We welcome the opportunity to contribute to this important inquiry.

Yours sincerely



Lynette Martin OAM

President
Limestone Coast Local Government Association



About the Limestone Coast Local Government Association

Local Government in Limestone Coast has been working together for over 140 years. Since the first association of councils was formed in October 1885, Local Government across the region has helped build community and economic prosperity through cooperation.

The Limestone Coast Local Government Association is a regional subsidiary established pursuant to Section 43 of the Local Government Act 1999 by the:

- City of Mount Gambier;
- Southern Limestone Coast Council;
- Kingston District Council;
- Naracoorte Lucindale Council;
- District Council of Robe;
- Tatiara District Council.

As the peak body representing Local Government in the Limestone Coast, the Limestone Coast Local Government Association (LCLGA) takes a lead to advocate on behalf of the region across a wide range of issues with the goal of continuing the 140-year history of collectively building strong, sustainable communities.

As the closest level of government to the people, local government plays a critical role in understanding the needs of local communities and advocating for the support required to deliver infrastructure and services to enable sustainable population growth, projected to reach over 85,000 by 2051. Councils within the Limestone Coast recognise the potential for economic growth to enable a highly productive and prosperous community that will continue to contribute significantly to the South Australian economy.

Our Vision for the Limestone Coast;

- Regional growth that is considered and sustainable.
- Communities that are supported with the services and infrastructure needed to thrive now and generations into the future.
- To maintain our competitive advantage and global reputation for the clean, green environment and the food and fibre that is produced from our resources
- A diverse economy that is resilient and balanced
- A highly attractive region in which to live, work, visit and invest.

LCLGA strives to create strong communities ensuring that regional infrastructure and services are fit for purpose and have the capacity to meet the region's current and future needs.



The Limestone Coast experience and the role of Local Government in regional childcare

The Limestone Coast experience reflects a national structural problem

The Limestone Coast Local Government Association (LCLGA) welcomes the Senate inquiry into the state of Australia's early childhood education and care (ECEC) system in rural, regional and remote communities.

LCLGA considers the evidence gathered by Regional Development Australia Limestone Coast (RDALC) to provide a strong regional foundation for this Inquiry. This submission seeks to place these findings within the broader national evidence about regional childcare markets and, in particular, the role increasingly being played by local government where existing service-delivery models fail.

The Limestone Coast Early Childhood Education and Care Report, released by RDALC in July 2026, estimates that the region is currently between 260 and 490 childcare places short of demand. It identifies sustained unmet need in communities including Robe, Millicent, Naracoorte and Keith, as well as the need for different and more flexible solutions in smaller communities including Beachport, Glencoe and Padthaway.

Importantly, RDALC's research demonstrates that the consequences extend well beyond individual families unable to obtain childcare.

Inadequate ECEC constrains workforce participation, makes it more difficult for businesses to attract and retain employees, reduces regional liveability and ultimately limits the capacity of regional communities to grow.

These findings are consistent with evidence being presented nationally by the local government sector and regional policy organisations.

The Regional Australia Institute has similarly identified childcare as an important determinant of workforce participation, liveability, population attraction and employee retention in regional communities. Its research into regional ECEC markets has highlighted the particular difficulties created by thin markets, where genuine demand for childcare exists but the scale or characteristics of that demand are insufficient to support conventional commercial provision.

The Limestone Coast provides a clear regional case study of a wider structural problem affecting rural and regional Australia.

Affordability does not necessarily create availability

This distinction is important when considering the effectiveness of Australia's current ECEC funding arrangements.

The Child Care Subsidy plays an important role in reducing the cost of care for families, however, a demand-side subsidy cannot, by itself, guarantee the existence of a service.



In larger markets, unmet demand may provide a sufficient commercial signal for existing providers to expand or new providers to enter the market.

In smaller regional communities, that mechanism can break down.

There may be enough families requiring care for its absence to have significant social and economic consequences, but not enough consistent enrolments to make a conventional childcare centre commercially sustainable.

Case Study — Naracoorte: When Demonstrated Demand Does Not Produce Supply

The shortage of early childhood education and care in Naracoorte has been evident for several years. In 2023, Naracoorte Early Learning Centre was operating at capacity with approximately 30 children on its waiting list. Naracoorte Child Day Care similarly reported up to 40 children waiting for care, with particularly strong demand for places for children under two.

Families reported waiting for extended periods to secure care, with some parents placing unborn children on waiting lists. Providers reported families waiting up to 18 months for a place.

The consequences extended directly into workforce participation. Parents reported being unable to return to employment because they could not secure care, while childcare providers themselves identified difficulty recruiting suitably qualified staff as a constraint on their capacity to respond to demand.

These pressures have persisted.

Naracoorte has also experienced significant difficulties maintaining outside-school-hours care. In 2025, the town's only after-school-care provider announced it would cease operating after workforce shortages had already resulted in cancelled sessions and the cancellation of school holiday care. Three primary schools were reliant on the one service.

This experience demonstrates an important limitation in the assumption that demonstrated demand will necessarily generate additional childcare supply.

In Naracoorte, demand has been visible for years. Families have been on waiting lists, existing services have been operating at capacity and the economic consequences of inadequate care have been well understood, yet additional sustainable supply has been difficult to establish. Despite strong local advocacy and shovel-ready plans for a new not-for-profit ELC in Naracoorte, a recent funding application to Building Early Education Fund was unsuccessful.

Affordability and availability are separate policy challenges.

This distinction is particularly relevant to the Limestone Coast. RDALC's work demonstrates that different communities require different responses. Larger population centres may be capable of supporting additional conventional centre-based services, while smaller or dispersed communities may require flexible models and some form of intervention to overcome market viability constraints.



National policy should recognise this distinction.

The consequences of inadequate access also extend to children and communities. The LGASA toolkit published in 2025, highlights the first 1,000 days of a child's life as a critical developmental period and notes that ECEC in small communities can build social capital, strengthen liveability and improve the long-term attractiveness of regional places. Regional ECEC policy should therefore recognise educational, developmental and community benefits alongside workforce and economic outcomes.

Local government is increasingly responding to market failure

The experience of councils across Australia provides further evidence of this structural problem.

Research commissioned by the Australian Local Government Association (ALGA) has found that local councils are active in the planning, funding and delivery of ECEC services and that, particularly in rural and regional areas, market failure can result in councils providing services that would otherwise be expected to be provided by another level of government or the private sector.

Councils have responded in different ways according to local circumstances.

Some directly operate childcare services. Others provide buildings or land, subsidise rent, undertake feasibility studies and business cases, assist community organisations, coordinate providers, support workforce attraction or facilitate the planning and regulatory processes required to establish a service.

This experience demonstrates both the value of local government involvement and the limitations of relying upon it.

Local government is often the first level of government confronted by the consequences of service failure. Families approach their council. Employers concerned about workforce shortages approach their council. Community groups seeking a new service approach their council. Councils are consequently expected to help find a solution even where they have no formal responsibility for providing the service.

Evidence presented through the recent parliamentary inquiry into local government sustainability illustrated this clearly. Regional communities experiencing workforce shortages and declining liveability because of inadequate childcare were increasingly looking to councils to address ECEC gaps. Examples provided to that inquiry showed councils being asked to assist with matters ranging from planning and regulatory approvals through to project planning, business cases, capital funding, operating models and workforce attraction. This experience closely reflects what is occurring across regional South Australia.



Case Study — District Council of Robe: Child Care on Wheels

The District Council of Robe's Child Care on Wheels Service (CCOWS) provides an important example of how local government can facilitate an innovative response to childcare market failure in small and dispersed regional communities.

CCOWS was established more than 20 years ago and was South Australia's first mobile childcare service. Rather than relying upon construction and operation of conventional childcare centres in communities where the population may be insufficient to support them, the service takes educators and equipment to existing facilities across the region.

The District Council of Robe is the Approved Provider of the service. CCOWS receives Australian Government funding through the Community Child Care Fund Restricted (CCCF-R) program and is regulated by the Education Standards Board SA.

The service currently operates across Robe, Beachport and Kangaroo Inn, providing long day care for children aged from six months to six years. Educators transport the equipment required to establish compliant early learning environments within existing premises, provide a full day of education and care, and then pack the service away.

For over two decades CCOWS has provided an innovative solution to address community needs in the absence of a purpose-built facility however, the services no-longer meet Robe's early learning needs.

Compounding the issue of existing waitlists in Robe is the State Government's introduction of universal three-year-old preschool from 2027 when it is anticipated the Robe kindergarten could move toward full-time preschool delivery. If this occurs, CCOWS would lose the two and a half days of access it currently has at the kindergarten. District Council of Robe is currently exploring opportunities for a co-located Early Learning & Childcare Hub on school or Crown land.

Local government has an important role, but it must be properly defined

LCLGA considers there is a legitimate and important role for local government in addressing regional childcare shortages, however, that role should not be interpreted as transferring primary responsibility for childcare provision to councils.

The strength of local government lies in its capacity to facilitate place-based solutions.

Councils understand local population trends, development patterns, employers, community organisations, available land and buildings and the practical barriers to establishing services. They can bring together families, providers, businesses, State and Commonwealth agencies and other regional organisations in a way that centrally administered programs often cannot.

The RDALC work itself demonstrates the value of this approach. It provide councils, providers and communities with evidence to assess demand, develop business cases and identify potential solutions. Local government can build on that evidence by helping to:



- identify and aggregate local demand;
- identify suitable council or community land and buildings;
- facilitate planning and development processes;
- bring prospective providers, employers and communities together;
- assist with feasibility studies and business cases;
- incorporate childcare into broader workforce, housing and economic development planning;
- support innovative models appropriate to small communities; and
- partner with other governments to deliver infrastructure where appropriate.

The LGASA toolkit describes a spectrum of local government roles ranging from advocate, planner and policymaker, facilitator and partner through to landowner, landlord and service provider. Regional South Australian councils consulted for the toolkit commonly identified advocacy and facilitation as their preferred roles. This supports a policy framework in which councils can select a proportionate role according to local need, resources and risk, without direct service delivery becoming the default expectation.

In some circumstances, individual councils may also choose to provide childcare directly. There are numerous examples of councils across Australia doing so successfully, however, direct service provision should remain a decision for individual councils based on their community circumstances and financial capacity, rather than becoming an assumed responsibility of local government.

Case Study — Kingston District Council: Local Government Facilitating a Regional Childcare Solution

For decades, Kingston SE experienced significant unmet demand for early childhood education and care. In 2019, Kingston District Council supported the establishment of the Kingston Early Learning and Childcare Services Working Group (KELCS), bringing together parents, elected members, council staff and representatives of the Kingston Community School and existing Early Learning Centre.

Community surveys undertaken in 2019 and 2021 provided compelling evidence of both unmet demand and its broader economic impact.

Council and KELCS subsequently undertook extensive work to investigate potential governance and service models, engage with Regional Development Limestone Coast and other stakeholders, advocate to governments and develop the business case for additional provision.

Importantly, the solution was designed around the circumstances and assets of the local community. A new purpose-built facility co-located with Kingston Community School was identified as the preferred model, providing opportunities for shared infrastructure, integration between services and continuity of children's education and care.

Following significant advocacy, the proposal attracted investment from both the Australian and South Australian governments, demonstrating the capacity of local government to leverage relatively limited local resources and knowledge into substantially greater investment when appropriate funding pathways are available.

Local government cannot become the funder of last resort

Councils are increasingly stepping into essential service gaps — including childcare, healthcare and aged care — where private provision is not commercially viable.

The increasing transfer of responsibilities and costs from other levels of government to councils is particularly prevalent in regional Australia. This cost shifting is simply not sustainable.

Regional councils generally have smaller revenue bases, dispersed populations and significant existing infrastructure responsibilities. Their capacity to subsidise an ECEC service can therefore bear little relationship to the level of childcare need within their community.

If the national response to regional childcare market failure is simply that councils should step in, access to childcare will increasingly depend upon the financial capacity of individual councils and their ratepayers.

That is neither equitable nor sustainable.

The National General Assembly of Local Government has already called for Commonwealth investment in additional regional childcare infrastructure and measures addressing regional ECEC workforce shortages, while explicitly requiring that these initiatives not result in cost shifting to local government.

LCLGA supports that principle.

Local government should be recognised as an important partner in solving regional childcare shortages, but it should not become the funder of last resort when national childcare markets fail.

Sustainable funding must recognise thin markets

Evidence from other regional councils reinforces this position.

Longreach Regional Council has described regional childcare funding as characterised by uncertainty and short-termism and has called for recurrent funding arrangements of at least five years to enable effective planning and continuity of service.

The Local Government Association of Queensland has similarly argued for direct operational and capital block funding capable of sustaining services where demand fluctuates, with funding recognising the true cost of service provision in locations where small and variable enrolments make conventional models financially unviable.

These arguments are highly relevant to the Limestone Coast.

The challenge identified by RDALC cannot necessarily be solved simply by creating hundreds of additional conventional childcare places.

The regional evidence demonstrates the need for a differentiated response.

Where sufficient demand exists, government policy should facilitate investment by established ECEC providers.



Where infrastructure is the primary constraint, targeted capital investment may unlock additional capacity.

Where an existing community building can be adapted for ECEC, government should support that lower-cost solution.

And where a small or dispersed population cannot sustain conventional centre-based care, recurrent viability funding and flexible delivery models should be available.

The policy objective should be access to ECEC, rather than prescribing a single model through which that access must be provided.

Childcare is regional economic infrastructure

The national evidence also supports a broader reconsideration of how childcare is viewed in regional development policy.

For regional communities, childcare is not simply a family service. It is increasingly an important component of economic infrastructure.

A childcare shortage can prevent an existing resident from returning to work, prevent an employer filling a vacancy, discourage a skilled worker and their family from relocating to a region, and reduce the effectiveness of government investment intended to stimulate regional growth.

The Limestone Coast economy depends upon access to workers across agriculture, forestry, manufacturing, health and community services, education, tourism, hospitality and other industries.

Government cannot effectively pursue regional workforce attraction and population growth strategies without considering whether the social infrastructure required to support those workers and their families is available. Childcare planning should therefore be integrated into regional workforce, housing and economic development policy rather than treated as a standalone social policy issue.



Case Study — Tatiara District Council: Evidence, Advocacy and Partnership

The Tatiara district is serviced by established early childhood services, including the Carol Murray Children's Centre in Bordertown and the Keith War Memorial Community Kindergarten and Child Care Centre. However, population and workforce pressures have contributed to increasing demand for early childhood education and care across the district.

In 2024, Tatiara District Council established the Tatiara Childcare Working Group in response to childcare access being consistently identified by families and businesses as a significant local concern. The Working Group created a critical forum through which childcare providers could contribute their expertise and practical experience, advise Council and explore options to improve access to care in the Tatiara both immediately and over the longer term.

Council also commissioned a Childcare Needs Assessment Report, grounded in evidence-based community consultation, regional demographic analysis and data modelling. The assessment identified critical gaps in early childhood education and care across the district and provided a robust evidence base for planning, advocacy and engagement with prospective partners and service providers.

The assessment found that, without intervention, the workforce and economic consequences would be substantial. Many parents—particularly women—reported being unable to return to work or study, or to increase their working hours, because suitable care was unavailable. Employers in healthcare, retail, trades and education were also experiencing recruitment and retention difficulties directly linked to limited childcare access.

Central to progressing a solution has been Council's sustained collection of evidence, advocacy and partnership with providers, families, employers and other key stakeholders. The Tatiara experience demonstrates that local government's contribution extends well beyond direct service provision or development approval: councils can diagnose market failure, convene local expertise, build an evidence base and coordinate the partnerships needed to turn community need into practical, place-based responses. In 2026, the Australian and South Australian governments announced a significant redevelopment of the Carol Murray Children's Centre in Bordertown through the Australian Government's Building Early Education Fund.

The investment will increase early education and care capacity in Bordertown, including creating additional places for children under two years of age and supporting the introduction of three-year-old preschool. The new facility is expected to open in the second half of 2029.

Importantly, the government announcement specifically recognised community advocacy for increased capacity, including the work of the Tatiara Childcare Working Group in identifying the region's growing needs.



A partnership model

The evidence from the Limestone Coast and the broader local government sector points towards the need for a partnership approach.

The Commonwealth has the financial capacity and national policy responsibility to address structural failures within Australia's ECEC system.

State governments have significant responsibilities for education, early childhood development, workforce development, regulation and associated infrastructure.

Local government brings detailed local knowledge, community relationships, planning expertise, infrastructure and an ability to coordinate place-based responses.

ECEC providers bring the specialist capability required to operate high-quality services.

Regional development organisations and employers can provide evidence about workforce demand, economic impacts and future growth.

These roles are complementary.

The policy challenge is therefore not to determine which level of government should solve regional childcare shortages alone, but to establish funding and governance arrangements that allow each participant to contribute what it is best placed to provide.

Regional funding models should also enable partnerships with major employers, training organisations and philanthropic bodies. The LGASA toolkit notes that employers have a direct interest in ECEC because it supports workforce attraction and retention and highlights a Roxby Downs partnership in which employer-funded local training contributed to six additional educators and a reduction in the service waiting list. Government programs should be designed to leverage such contributions without substituting private support for core public responsibility.

Recommendations

LCLGA recommends that the Australian Government:

1. Recognise the shortage of ECEC in rural and regional Australia as a structural market issue requiring a differentiated policy response.

The Commonwealth should distinguish between affordability, infrastructure constraints, workforce shortages and thin-market viability rather than assuming that a single funding mechanism can address all regional circumstances.

2. Recognise local government as a formal partner in regional ECEC planning and facilitation.

Councils should be involved in identifying service gaps and developing place-based responses alongside the Commonwealth, State governments, providers and regional development organisations.



3. Establish direct funding mechanisms that enable councils and regional organisations to convert evidence of unmet demand into viable projects.

Funding should support needs assessments, feasibility studies, business cases, service planning and provider engagement as well as capital infrastructure.

A consistent regional needs-assessment framework should compare current and forecast demand with existing supply. The LGASA toolkit recommends considering the population of children aged zero to five, participation rates, vulnerable communities, required licensed places, existing providers, utilisation and waiting lists, spatial accessibility, affordability, workforce availability and suitable infrastructure. Commonwealth funding decisions should accept this place-based evidence rather than relying only on aggregate enrolment or population measures.

4. Provide targeted capital investment where infrastructure is preventing additional ECEC supply.

Funding arrangements should enable councils to contribute land or existing facilities where appropriate without requiring councils to become the long-term operator or financial guarantor of the service.

5. Establish long-term recurrent viability funding for genuine thin markets.

Where demonstrated community need exists but small or variable enrolments prevent commercial viability, Commonwealth funding should support sustainable service provision over sufficiently long periods to provide certainty to communities, employees and providers.

Existing programs provide a foundation but require coordinated and enduring regional application. The LGASA toolkit identifies the Commonwealth Building Early Education Fund for capital projects, the Community Child Care Fund for participation barriers in disadvantaged, regional and remote communities, the Family Day Care Capability Trial for new educators in areas of limited supply, and South Australian workforce supports such as QualifySA in Early Childhood. A regional funding framework should align capital, operating and workforce measures so that new infrastructure can be staffed and sustained after construction.

6. Support flexible service models appropriate to individual communities.

Funding and regulatory settings should accommodate centre-based services, Family Day Care, in-venue Family Day Care, co-located services and other innovative models capable of operating sustainably in small or dispersed populations.

7. Integrate ECEC into regional workforce and economic development policy.

Childcare availability should be considered alongside housing, skills, transport and other enabling infrastructure when governments design regional workforce and population policies.



8. Address regional ECEC workforce shortages as a distinct policy challenge.

Measures should recognise the interaction between educator shortages and regional housing, training, wages, transport, recruitment and retention.

9. Ensure that Commonwealth and State responses to regional childcare shortages do not result in cost shifting to local government.

Councils should be encouraged and supported to facilitate solutions, but regional ratepayers should not be required to carry the recurrent cost of structural failure within Australia's ECEC market.

Conclusion

The evidence from the Limestone Coast is clear: there is substantial unmet demand for childcare, and that shortage is affecting families, employers and the economic and social sustainability of communities across the region.

The national evidence demonstrates that the Limestone Coast experience is not unique.

Across regional Australia, local governments are increasingly being called upon to respond where conventional childcare markets do not deliver. Councils are doing so because they understand the consequences for their communities and because they possess many of the local capabilities required to facilitate solutions.

That experience should inform the Commonwealth's response.

The answer is not to make childcare another unfunded responsibility of local government. Nor is it reasonable to expect demand-side subsidies alone to create services in markets that are structurally incapable of sustaining conventional provision.

Instead, Australia needs a regional ECEC framework that combines local evidence and place-based delivery with national funding capacity and policy responsibility.

The work undertaken by RDALC gives the Limestone Coast a strong evidence base from which to act. What is now required is a policy and funding framework capable of translating that evidence into sustainable services.

LCLGA stands ready to work with the Commonwealth, the South Australian Government, RDALC, providers, employers and communities to develop those solutions.

A family's ability to access early childhood education and care, and a regional community's ability to grow, should not be determined by whether its childcare market happens to be commercially large enough to function without intervention.

