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Targeting investment where it counts:

Identifying communities for priority investment in integrated early learning models

February 2025

Project Acknowledgements

This report was undertaken by Social Ventures Australia (SVA) in collaboration with Deloitte Access Economics and the Mitchell Institute. We are deeply grateful for the partnership of both parties.

SVA commissioned Deloitte Access Economics to conduct the analysis to update the model it developed for SVA in 2023 (*Early childhood hubs: exploring need, funding models, and a national approach*[1] report) and overlay this model with the *Mitchell Institute's International childcare: Mapping the deserts*[2] analysis.

The Mitchell Institute informed the research and added a hot and cold spot analysis that was used to refine the overlay analysis.

Deloitte Access Economics is Australia's pre-eminent economics advisory practice and a member of Deloitte's global economics group. For more information, please visit their website: www.deloitte.com/au/deloitte-access-economics

The Mitchell Institute at Victoria University is one of Australia's leading policy research think tanks and trusted thought leaders.

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Legal Disclosure Statement

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Acknowledgement of Country

Social Ventures Australia acknowledges and pays respect to the past and present traditional custodians and elders of this country on which we work.

'After the Rains' by Richard Seden for Saltwater People, 2024.

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Executive Summary

Today, our early childhood system is failing many children and families across Australia. Currently, 111,000 young children experience high early childhood disadvantage and hardship. A large proportion, around 25,400 children, live in childcare deserts – areas with little or no access to Early Childhood Education and Care (ECEC).[i] Many more children live in communities that have partial or adequate access to childcare services but remain in acute disadvantage, highlighting the need for urgent intervention.

About the report

This report provides a framework for prioritising investment in early childhood services to improve outcomes for young children experiencing significant disadvantage and vulnerability across Australia. It explores the relationship between child and family socio-economic disadvantage, developmental vulnerability, and childcare supply. It identifies the most disadvantaged communities, including those in childcare deserts and those where existing ECEC services are not meeting local needs.

Two evidence-based models developed by Deloitte Access Economics are presented which identify priority locations for government investment, while also recognising that different communities require tailored solutions. They combine two critical early childhood datasets: an updated version of the 2023 Social Ventures Australia (SVA) *Early childhood hubs: exploring need, funding models, and a national approach* report ***(ECH Need Report)*** and the Mitchell Institute's *International childcare: Mapping the deserts* analysis ***(Childcare Deserts Report)***. These models offer valuable inputs for identifying locations for the Commonwealth Building Early Education Fund, which aims to build and expand 160 new ECEC centres. They also support reinforce the importance of broadening from ECEC to establish Early Childhood Hubs (ECHs) (see definition in box below) in these high-needs areas.

The report also summarises evidence on the role of a range of integrated early years service models as vehicles to change the trajectory for children experiencing significant early childhood disadvantage. This builds on work of SVA and other sector leaders, highlighting the potential of holistic and integrated early learning models, particularly ECHs.

The report makes targeted recommendations to better support and improve outcomes for children experiencing significant disadvantage, who we know stand to benefit most.

An ECH provides access to high-quality ECEC, developmental checks and child health services, family and parenting supports, allied health and other early intervention supports, as well as providing a space where children and families can come together to build social networks. They overcome many barriers to accessing and participating in ECEC, outreaching to families and building trust, identifying and redressing developmental concerns and supporting families.

Key findings

1. **131 communities with high early childhood disadvantage are also childcare deserts**
   These communities sit at the nexus of both high early childhood disadvantage[ii] and paucity of ECEC services (childcare desert).[iii] This represents 5.3% of all areas in Australia and 18% of areas with high early childhood disadvantage, highlighting the need for targeted infrastructure investment in these areas to ensure children can access ECEC.
2. **Universal ECEC is not meeting the needs of children experiencing disadvantage**
   The second model identified 737 areas where there is high early childhood disadvantage. While 520 or 71% of these communities are not in childcare deserts, they still struggle to meet the needs of children experiencing disadvantage. This suggests that simply expanding services is not enough – tailored, high-quality models of support are needed to better respond to community needs.

[i] A childcare desert is defined by the Mitchell Institute as an area with fewer than 0.333 childcare places per child.
[ii] Early childhood disadvantage is used as a term to describe communities with both high socio-economic disadvantage and early childhood vulnerably. These areas are in SEIFA deciles 1-4 and have over 10% of children developmentally vulnerably on two or more AEDC domains.
[iii] The shortlist of areas was refined to only include areas where the population of children experiencing significant disadvantage is over 50 children. This criterion aims to exclude areas that have a very low population of children in need and therefore may require a different solution. It also does not include areas that contain a 'hot spot' SA1 for childcare supply using the Mitchell Institute's hot and cold spot analysis.

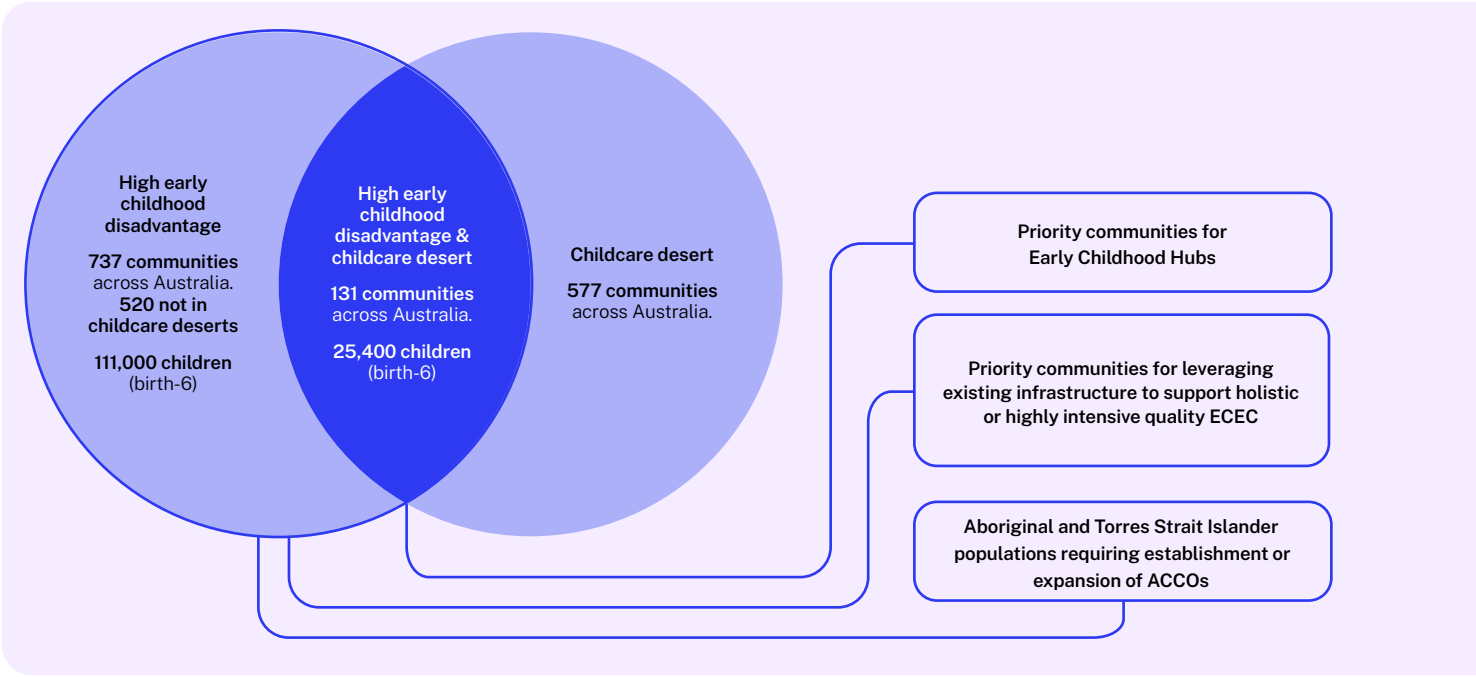
3. **Communities in regional and remote Australia are significantly overrepresented among the areas with the highest need, and often are areas of high Aboriginal and Torres Strait Islander population**
   More than two thirds (68%) of the priority communities experiencing early childhood disadvantage in childcare deserts are in regional or remote areas. Additionally, over 80% of the top 50 highest-need areas are in these regions. As remoteness increases, so does the proportion of Aboriginal and Torres Strait Islander populations. Many of the identified communities have a significantly higher representation of Aboriginal or Torres Strait Islander children and families.

The opportunity to invest where it counts

High-quality interventions in early childhood have the potential to interrupt intergenerational cycles of disadvantage, reduce contact with the justice system, act as a protective factor against trauma, crisis and significant stress, and strengthen lifelong education, health, employment and wellbeing outcomes.[3] Children experiencing disadvantage have the most to gain from being able to access high-quality services and supports. Providing these interventions and supports in the early years also presents an opportunity for governments to drive future outcomes under the National Agreement on Closing the Gap.[4]

In order to change the trajectory of some of the most vulnerable children in Australia, investment needs to extend beyond a place in a childcare centre. Integrated and inclusive early learning models have the potential to meet many of the needs of these children and their families. This includes Early Childhood Hubs, holistic or intensive ECEC models, and ACCO-led models. The findings from this report can assist with identifying which model and level of investment may be appropriate in the identified communities.

Figure I. Intersection of early childhood disadvantage and childcare deserts in Australia



Note: 86 SA2s do not appear in either list. One SA2 had insufficient data. The remaining 85 are all childcare deserts but were excluded because they contained fewer than 50 children in need or included a hotspot SA1 within the SA2. Further detail on methodology can be found on page 13.

Priority communities for Early Childhood Hubs

The 131 communities that sit at the nexus of both high early childhood disadvantage and paucity of ECEC services (childcare desert) are the communities that would benefit most from an Early Childhood Hub (ECH). The early years service system is complex and fragmented, and children and families with the greatest need often do not receive the services and supports they need. This is often due to the difficulty of navigating this system, marginalisation, distrust in the system and other financial and non-financial barriers. Integrated service delivery through an ECH is a key mechanism to overcoming these barriers and seeing families access the diverse range of services and supports they need to thrive.

Priority communities for leveraging existing infrastructure for holistic or intensive ECEC models

The 520 communities with high levels of early childhood disadvantage that are not in childcare deserts require attention to better understand and respond to prevailing issues within communities. The response will depend on

local need, service availability and the profile of the available ECEC market. Quality is an important element (including Aboriginal and Torres Strait Islander definitions of quality), with data showing that lower quality ECEC services predominate in lower socioeconomic areas.[5] Where appropriate, existing ECEC services could be supported to offer a holistic and/or highly intensive quality ECEC model for children.

Priority communities for ACCO-led models

Many of the identified communities have a significantly higher share of the population that are Aboriginal and Torres Strait Islander people and will require an ACCO-led integrated service. Supporting and growing a thriving Aboriginal and Torres Strait Islander Community Controlled sector is crucial to supporting First Nations children and communities to thrive. Aboriginal and Torres Strait Islander Community Controlled Organisations (ACCOs) play a key role in in meeting a child and family's need for a safe space to build cultural pride, confidence and resilience and to build on the strengths and skills of their children.[6]

Reccommendations

For all recommendations, deep engagement with identified communities on needs, priorities and gaps in early years supports is a critical first step to better understand and meet the needs of children and their families. This must include a commitment to shared decision making, self determination and cultural governance, in alignment with Closing the Gap Priority Reform One.[7]

1. The Commonwealth Government prioritise investment for new infrastructure in the 131 childcare deserts across Australia with high child and family disadvantage and developmental vulnerability.
2. When investing in these areas, we recommend building Early Childhood Hubs or ACCO early years services in areas with high Aboriginal or Torres Strait Islander populations. These children and families need more than a place in childcare.
3. The Commonwealth Government provide funding for the effective and sustainable operation of these Early Childhood Hubs and ACCOs. Dedicated resources to grow and support the ACCO early years sector are also critical.
4. The Commonwealth Government invest in a range of quality integrated early learning models in the 520 communities experiencing high child and family disadvantage and developmental vulnerability that are not childcare deserts. These include:
    a. ACCO early years services;
    b. holistic high-quality ECEC models; and/or
    c. highly intensive, quality ECEC models, as detailed in this report.

Results

Table i. Top 10 areas that have high early childhood disadvantage, and are in a childcare desert

Rank (overall n=131)	SA2	State	Estimated population of 0-6 year old children in need
1	Meekatharra	Western Australia	119
2	Sandover - Plenty	Northern Territory	362
3	Victoria River	Northern Territory	376
4	Daly	Northern Territory	174
5	Tiwi Islands	Northern Territory	227
6	East Pilbara	Western Australia	220
7	Elsey	Northern Territory	193
8	Halls Creek	Western Australia	435
9	Aurukun	Queensland	108
10	Herberton	Queensland	54

Note: An SA2 is considered a childcare desert if it has a ratio of childcare places per child smaller than 0.333.

Table ii. Top 10 regional areas that have high early childhood disadvantage, and are in a childcare desert

Rank (overall n=131)	SA2	State	Estimated population of 0-6 year old children in need
10	Herberton	Queensland	54
12	Longford	Tasmania	60
13	Risdon Vale	Tasmania	69
14	Yarrabah	Queensland	311
18	George Town	Tasmania	114
19	Bridgewater - Gagebrook	Tasmania	504
20	Tablelands	Queensland	51
23	Moree Surrounds	New South Wales	66
24	Nambucca Heads	New South Wales	61
27	Kempsey Surrounds	New South Wales	79

Note: SA2s were classified as 'regional' in alignment with ABS Remoteness Area classifications

Table iii. Top 10 outer metropolitan areas that have high early childhood disadvantage, and are in a childcare desert

Rank (overall n=131)	SA2	State	Estimated population of 0-6 year old children in need
22	Wacol	Queensland	143
26	Elizabeth	South Australia	468
31	Port Kembla - Warrawong	New South Wales	162
34	The Entrance	New South Wales	104
40	Maddington - Orange Grove - Martin	Western Australia	216
42	Smithfield - Elizabeth North	South Australia	321
49	Calista	Western Australia	87
50	Elizabeth East	South Australia	291
51	Warwick Farm	New South Wales	187
54	Kurri Kurri - Abermain	New South Wales	209

Note: SA2s were classified as 'major city' based on ABS Remoteness Area classifications. These were further categorised based on whether they were located in electorates classified by the Australian Electoral Commission as inner metropolitan or outer metropolitan.

Table iv. Top five inner metropolitan areas that have high early childhood disadvantage, and are in a childcare desert

Rank (overall n=131)	SA2	State	Estimated population of 0-6 year old children in need
52	Fawkner	Victoria	246
65	Chester Hill - Sefton	New South Wales	407
68	Balga - Mirrabooka	Western Australia	497
85	Girrawheen	Western Australia	178
86	Berala	New South Wales	121

Note: SA2s were classified as 'major city' based on ABS Remoteness Area classifications. These were further categorised based on whether they were located in electorates classified by the Australian Electoral Commission as inner metropolitan or outer metropolitan.

Table v. Top 10 areas that have the highest early childhood disadvantage but are not classified as childcare deserts

Rank	SA2	State	Estimated population of 0-6 year old children in need
1	APY Lands	South Australia	280
2	Moulden	Northern Territory	120
3	Thamarrurr	Northern Territory	220
4	Morwell	Victoria	280
5	Meadow Heights	Victoria	470
6	Bourke - Brewarrina	New South Wales	100
7	Heatley	Queensland	60
8	Gray	Northern Territory	100
9	Berserker	Queensland	100
10	Beresfield - Hexham	New South Wales	140

1. Introduction

1.1 About this report

This report shares a model developed by Deloitte Access Economics that captures the overlap in high child and family socio-economic disadvantage and developmental vulnerability, and childcare supply. This overlay modelling is intended to:

1. Identify where there is **high child and family socio-economic disadvantage and developmental and learning vulnerability (summarised as early childhood disadvantage) in childcare deserts as priority areas** for ECHs and/or ACCO integrated early years services where there is a significant Aboriginal or Torres Strait Islander population.
2. Present a representation of the **possible scale of need** for an ECH under a prescribed definition.
3. **Identify areas where there is early childhood disadvantage but not in a childcare desert, as priority locations for provision of holistic high-quality ECEC, and at times highly intensive high-quality** ECEC, recommending deeper analysis of local needs, services and supports to identify what more may be needed to support better outcomes for children.
4. Allow SVA, partners and governments to **identify and prioritise communities for engagement as a next step to better understand needs and priorities.**

The communities in the report have been identified by combining two important early childhood datasets: an updated version of the 2023 SVA *Early childhood hubs: exploring need, funding models, and a national approach*[8] report ***(ECH Need Report)*** and the Mitchell Institute's *International childcare: Mapping the deserts*[9] analysis ***(Childcare Deserts Report).***

1.2 The importance of the early years for shifting outcomes

The first five years of a child's life is a time of rapid development and lays the foundations for health and wellbeing later in life.[10] During this time, children are especially susceptible to external input. They must be nurtured, supported and protected in order to thrive.

Despite the evidence around the importance of the early years and what is needed to support children and families, the current system is failing too many children, with 19% of children in the most disadvantaged locations developmentally vulnerable on two or more areas of their development when starting school. This figure is significantly higher (26.5%) for Aboriginal and Torres Strait Islander children.[11]

Research shows significant inequalities in developmental and educational outcomes exist between children experiencing socio-economic vulnerability and their peers.[12] In Australia, a child's risk of being developmentally vulnerable is closely correlated with the family income and level of socio-economic resources in the community in which they live.[13] Children living in the most socio-economically disadvantaged communities are three times more likely to be developmentally vulnerable compared to children living in communities with high levels of socio-economic advantage.[14] The more disadvantaged a child's circumstances, the poorer their health and developmental outcomes are likely to be.[15] Families experiencing disadvantage often experience challenging life circumstances; they also face multiple barriers to individual wellbeing and community participation.[16] This includes complex and cooccurring challenges, such as low income, intergenerational trauma and low levels of parental education.[17]

Evidence indicates that in families experiencing disadvantage, investing as early as possible, from birth through age five, provides the highest rate of return for early childhood development outcomes.[18] Research has identified the need to be focusing much more on improving the conditions under which families are raising young children, in addition to investments in high-quality, evidence-based early years services.[19]

1.3 The role of integrated models as a vehicle to improve outcomes for children experiencing socio-economic disadvantage

The current early years service system is complex and fragmented. Attempting to navigate this landscape can leave families experiencing disadvantage feeling humiliated and disempowered.[20] Evidence demonstrates that children and families with the greatest need are least likely to access services or receive the comprehensive support they need.[21]

Research has identified integrated delivery of services as an important mechanism to ensure that families receive the support they need and overcome these barriers. Emerging evidence of the impact of integrated service models includes improved:

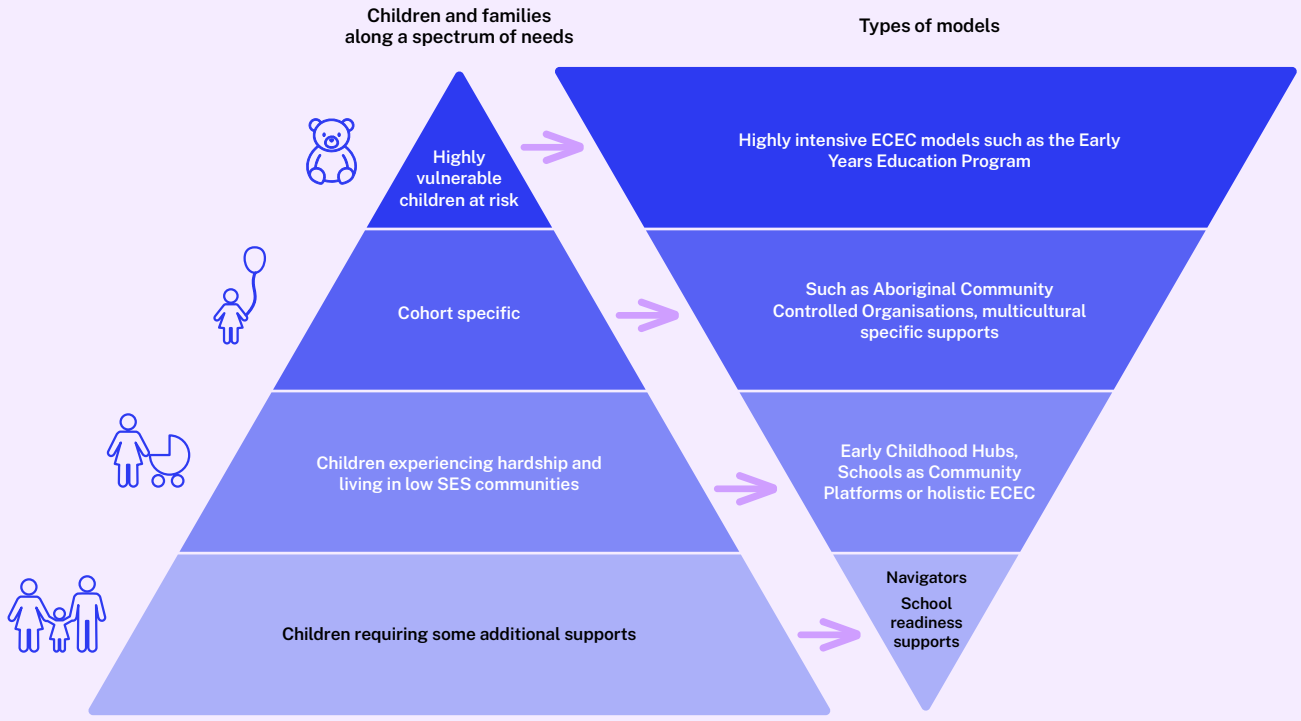
- school readiness and parental knowledge and confidence in integrated models focused on early learning
- academic outcomes for children in co-located early years/primary school settings
- identification of developmental vulnerability and increased service access in community-based hub models
- engagement of families, better coordinated supports and improved child health outcomes in integrated community health models.[22]

There are many forms of integrated early childhood service delivery, ranging from simple co-located services that aim to provide convenience for families, to fully integrated ECHs that bring multiple services and supports together to create a new, holistic offering that attempts to meet many of the key needs of children and their families.[23] For children and families experiencing socio-economic disadvantage, high-quality, child-centred, integrated supports are especially beneficial. These services employ highly qualified staff who are able to engage and build trust with families who may be otherwise distrustful or disengaged from the service system. They provide soft entry points through key supports such as playgroups, toy libraries and communal spaces to enable families to engage on their own terms.

The integrated early learning services that are the focus of this report have been identified as being most appropriate for different cohorts and levels of disadvantage. Although all children would benefit from being able to access integrated supports, especially an ECH, we recognise the practicalities and expense of such a proposal. In this environment, priority should be given to children experiencing socio-economic disadvantage, as well as specific cohorts of children who are typically underserved, such as Aboriginal and Torres Strait Islander children and children from newly arrived families.

Where there is community demand and readiness, the Commonwealth Government should work with existing ECEC providers in these areas to enhance their offerings, trialling what works, for which cohorts. This should include ACCO integrated early years services, ECHs, holistic ECEC models and highly intensive, quality ECEC models. Models should be co-designed and tested in priority communities in different geographical contexts to evaluate and learn what works and conditions for success, costings and implications for scale.

Figure 1.1: Integrated service models and approaches



All children require access to high-quality ECEC, universal health supports and support for carer wellbeing. The service types above describe different ways to deliver universal and targeted supports to best meet the needs of each cohort of children. Place based movements are part of the meso level community context that influences the whole spectrum.

2. Integrated models

2.1 Early Childhood Hubs (ECHs)

ECHs are a service and social hub where children and families can go to access key services and connect with other families. They usually take the form of a centre that provides a single location for the delivery of a range of child and family services, including early learning programs, maternal and child health and family support programs. ECHs provide access to a range of tiered services to support families with broader challenges they may be facing. They also provide a space where families can come together to socialise and build social networks. We identify Schools as Community Platform models as ECHs where they include early years programs and certainly in many cases schools may be optimal locations for ECHs. There are currently over 225 ECHs operating around the country. ECHs are the recommended solution in communities with high early childhood disadvantage that are also in a childcare desert and therefore require both new infrastructure and ongoing operational support.

ECHs have the potential to meet many of the needs of children and families experiencing socio-economic disadvantage and can fill a major gap in the current early years landscape.[24] ECHs offer a number of benefits for children in addition to the benefits of attending high-quality ECEC. ECHs support in early identification of developmental issues and increased update of critical services, which is enabled through "warm referrals" to services available on-site or elsewhere in the community.[25] Services can include parenting skills support, mental health support, domestic and family violence support, housing support and financial support.[26]

ECHs provide a place where families feel they belong, can make new friends and widen their social support networks. They also provide a venue for children's social interaction that might otherwise be missing.[27] Research has shown that ECHs can support improved developmental outcomes for children, including wellbeing and readiness for school[28] and improve parental confidence and outcomes for parents including mental wellbeing and general personal wellbeing.[29] In addition, The Benevolent Society found that having statutory programs at their ECH reduced removal into statutory care and improved outcomes related to child safety and protection.[30]

2.2 Holistic high-quality ECEC

Holistic, high-quality ECEC is an emerging enhanced model that uses high-quality long day care or preschool. Holistic ECEC models incorporate a range of enhanced service delivery components such as staffing ratios and skills mix above minimum standards, allied health staff to support capacity building of educators, professional development for educators or on-site access to health and development supports. The exact mix of components will differ depending on the needs of the children attending the centre and its capacity. Holistic ECEC may be a proportional solution in communities with high early childhood disadvantage that already have high-quality ECECs that can be leveraged for this purpose.

The South Australian Royal Commission into Early Childhood Education and Care found over 95% of ECEC services in their research reported either directly offering additional activities to support the children and families that attend or supporting children and families to access additional activities on their sites. Services in areas of higher disadvantage reported offering or supporting more activities relative to more advantaged communities, including in particular, categories such as child development checks, foodbanks, and social work.[31]

2.3 Highly intensive, quality ECEC models

Intensive ECEC models are intended to support children from specific cohorts who are experiencing significant family stress and disadvantage, such as children involved in the child protection system. The major Australian evidence based example is the Early Years Education Program, a targeted, intensive high-quality model of early childhood education and care. It is for children with significant family distress, who enrol from birth to three years for the three-year program of five hours per day, five days per week. The program focuses on overcoming the effects of trauma, redressing harm, supporting children to learn and develop. It has high staff to child ratios, qualified and experienced staff, multidisciplinary leadership team (including centre coordinator, pedagogical leader, infant mental health consultant and family practice consultant), regular professional development and reflective supervision, and a family partnerships approach. Robust evaluations found substantial increases in children's IQ, social and emotional wellbeing and language outcomes.[32]

Intensive ECEC models are most appropriate for specific cohorts of children. These models may be needed in addition to Holistic ECEC or ECHs in communities with high levels of early childhood disadvantage. They are offered as a targeted model nested within the universal ECEC system, using the National Early Years Learning Framework, with the aim to support children at a high intensity (akin to an ICU support within the health system) for a period of time so that they may then transition confidently into and thrive within the universal ECEC or school sector.

2.4 Integrated early childhood centres run by Aboriginal Community Controlled Organisations (ACCOs)

Integrated early childhood centres run by ACCOs have existed in Australia for several decades. The centres are engaged in building and strengthening the community and focus on addressing the needs of children and families in a context of cultural safety that actively respects and promotes Aboriginal and Torres Strait Islander identity. The centres play an integral role in Aboriginal and Torres Strait Islander communities and often serve as a community hub. They are connected and trusted by their communities and therefore viewed as having "tremendous potential to help 'close the gap' for Aboriginal and Torres Strait Islander children".[33] ACCOs play a key role in meeting a child and family's need for a safe space to build cultural pride, confidence and resilience and to build on the strengths and skills of their children.[34]

3. Methodology

3.1 Purpose of the model

Deloitte Access Economics developed a model that captures the overlap in high child and family socio-economic disadvantage and developmental vulnerability (summarised as early childhood disadvantage), and childcare supply. This modelling identifies priority areas for future infrastructure and integrated early learning investment combining the results from updated versions of both the ***ECH Needs Report***[35] and the ***ECH Need Report***.[36]

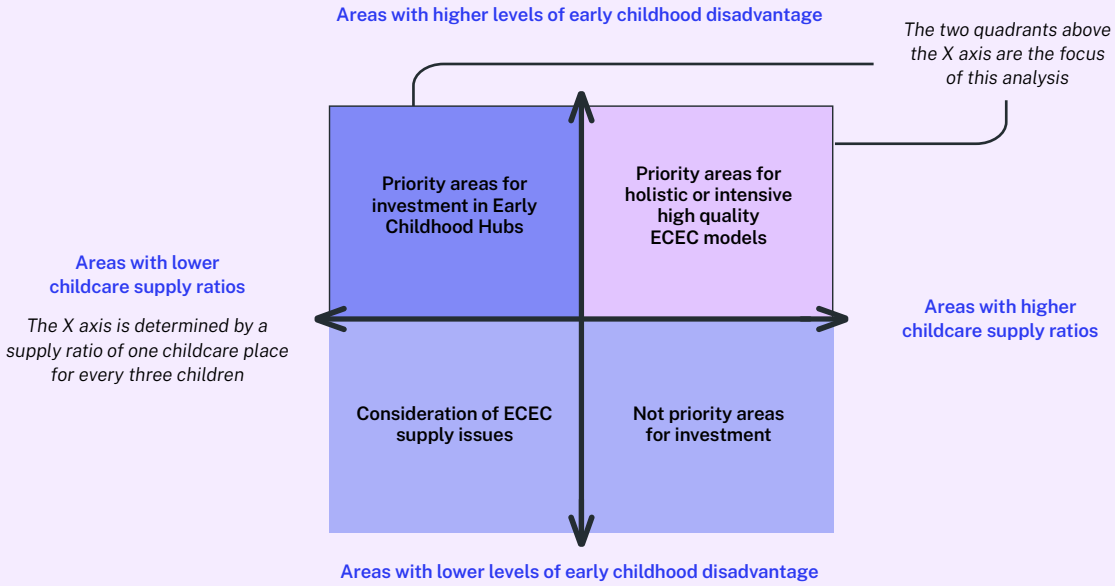
This overlay analysis provides an indication of communities across Australia that have high early childhood disadvantage, and how this interacts with childcare supply ratios, for the purpose of informing decision-making regarding early childhood infrastructure and early childhood policy responses in local areas.

Deloitte Access Economics also developed a second model, The ECH need model, that identifies areas with high early childhood disadvantage, but does not include childcare supply as an input.

The analysis is intended to form an input into to planning and decision making, alongside community level analysis and consultation, rather than forming a decision-making tool in and of itself. It is intended to guide and prioritise community engagement and planning in ways that validate, delve deeper and determine the precise features of a preferred integrated response.

The alignment of the modelling to potential policy responses is conveyed in the diagram below.

Figure 3.1: How the modelling outputs support prioritisation of areas for early childhood intervention

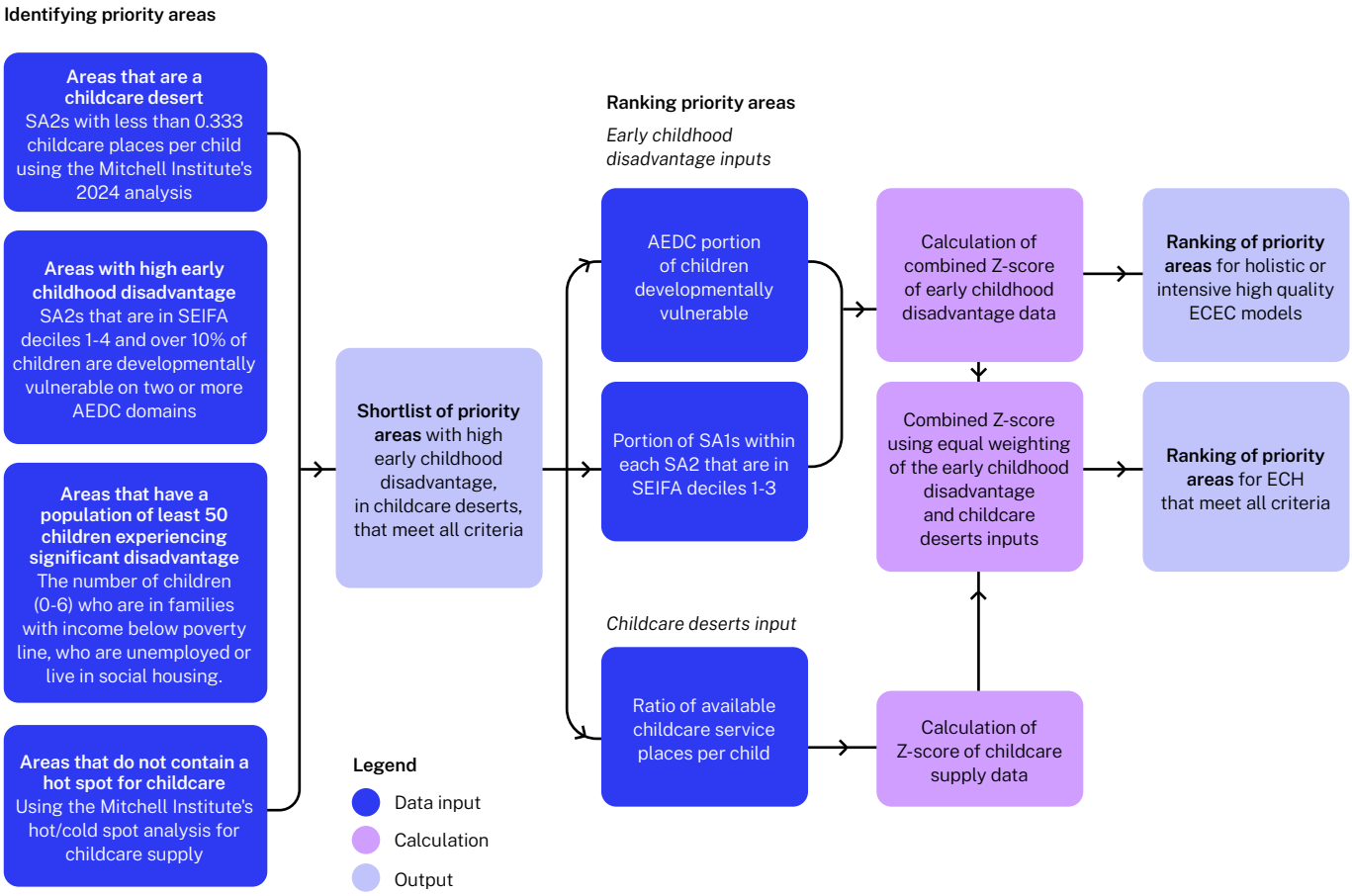


Importantly, the overlay modelling **does not** capture:

1. The level of demand for childcare services – while the model identifies locations where the current supply of childcare (including preschool) places is less than 1 for every three children, the level of demand is likely to vary by area-an issue that has not been explored in this work.
2. A nuanced family and community articulation of need for services that captures social connections, support, and relationships with existing services.
3. An analysis of how community need for ECH, as well as demand for childcare places, will interact with ECH/ childcare model design.

3.2 Logic of the model

Figure 3.2: Logical structure of the overlay modelling



Source: Deloitte Access Economics

Note: The number of children estimated to be in need of a Hub is proxied by the number of children who are in families with income below the poverty line, who are unemployed, or live in social housing. This aligns with the definition of need used in the SVA 2023 Early childhood hubs: exploring need, funding models, and a national approach work. For each existing ECH with childcare services within an area, the estimated number of children in need was reduced by 50 children.

This analysis has been constructed using the Australian Bureau of Statistics (ABS) Statistical Areas Level 2 (SA2). For simplicity, SA2s are referred to as 'areas' throughout this report.

The 'Identifying priority areas' modelling process, as shown in Figure 3.2 above, identified a shortlist of areas that fulfilled select criteria for priority for ECH infrastructure investment. Areas were shortlisted if they:

a. Were identified as being areas of high early childhood disadvantage in the updated ***ECH Need Report*** modelling, and
b. Have fewer than 0.333 childcare places per child using the updated Mitchell Institute's childcare desert results, and
c. Have a population of at least 50 children in need (children aged 0-6 years, who are in families with income below the poverty line, families who are unemployed or who live in social housing), and
d. Do not contain a 'hot spot' SA1 for childcare supply using the Mitchell Institute's hot and cold spot results.

In the 'Ranking priority areas' stage of the modelling, as shown in in Figure 3.2, the identified priority areas were ranked by the most extreme need for ECH and childcare supply. A Z-score was calculated and combined for both the updated Mitchell Institute childcare places per child results and the updated ***ECH Need Report*** model results. The Z-score results were ranked to signify the relative level of need for ECH and childcare supply between areas.

Any areas that were identified as being areas of high early childhood disadvantage, but did not meet the other criteria, were ranked using a Z-score. This informed the priority ranking list for a holistic and intensive high-quality ECEC response.

More detail on the modelling approach, assumptions, and limitations are discussed in the remainder of this chapter.

3.3 Data Sources

The primary sources used within the overlay model are an updated output from the ***ECH Need Report*** model, and the results from the Mitchell Institute's *International childcare: Mapping the deserts (2024)* analysis.

The childcare desert analysis input into the model is drawn from Mitchell Institute's 2024 update of their 2022 work, which includes preschool programs as part of the childcare accessibility analysis. The key output used in the model is the ratio of childcare supply places per child at an SA2 level. An area is defined as being a childcare desert where there are fewer than 0.333 places per child, or more than 3 children per place.

The modelling used in the ***ECH Need Report*** has been updated to reflect the most recent available data. Key data updates include:

1. Australian Bureau of Statistics (ABS) 2021 Census SEIFA data at an SA2 level.
2. National ECH supply data, as collated by SVA.

Other calculations and definitions of variables within the 2023 ECH need model remain unchanged.

An explanation of the key datasets used within the model are shown in Table 3.1 below.

Source	Purpose	Data included
ABS 2021 Socio-Economic Indexes for Areas (SEIFA) deciles	SEIFA deciles are used in the ***ECH Need Report*** model to capture cohorts that may have a need for ECH. The SEIFA deciles correlate a number of variables that are associated with disadvantage and need.	The portion of the population of each SA2 in each SEIFA decile according to the Index of Relative Socio-Economic Disadvantage. This index includes variables for the portion of the population with a low income, jobless parents, no internet connection, no education beyond Year 12, who are unemployed, pay low rent, have a disability, are separated or divorced, are employed in a low skilled job, do not have a car, live in an overcrowded dwelling, or do not speak English well.
Australian Early Development Census (AEDC)	AEDC data is used in the ***ECH Need Report*** model to capture cohorts that may have a need for ECH. Where a large portion of children are developmentally vulnerable according to the AEDC, this is likely a good indicator that the services provided by an ECH would be needed within the community.	The portion of the population of children in early education who are considered developmentally vulnerable on two or more of the AEDC domains. The AEDC tracks whether children are 'on track', 'at risk' or 'vulnerable' across five domains. The domains are Physical health and wellbeing, Social competence, Emotional maturity, Language and cognitive skills (school-based), and Communication skills and general knowledge.
SVA 2024 Collated ECH supply list	The updated list of ECH supply in Australia was used to inform the existing supply of ECH services that include childcare supply.	A list of existing ECH supply in Australia, with characteristics including whether childcare services are provided and the SA2 location of each service.
Mitchell Institute Childcare Deserts Analysis (2024)	The Mitchell Institute's International childcare: Mapping the deserts results were overlayed with the ***ECH Need Report*** model, to capture areas that have both a need for ECH and are in childcare deserts.	The ratio of childcare places per child in each SA2, and a classification of whether areas are 'hot' or 'cold' spots for childcare supply at an SA1 level.

Source: Deloitte Access Economics

3.4 Identifying priority areas for ECH infrastructure investment

To identify a list of high priority areas for ECH infrastructure investment, Deloitte Access Economics determined a list of areas that have high child and family socio-economic disadvantage and developmental vulnerability in childcare deserts. The process involved two key steps.

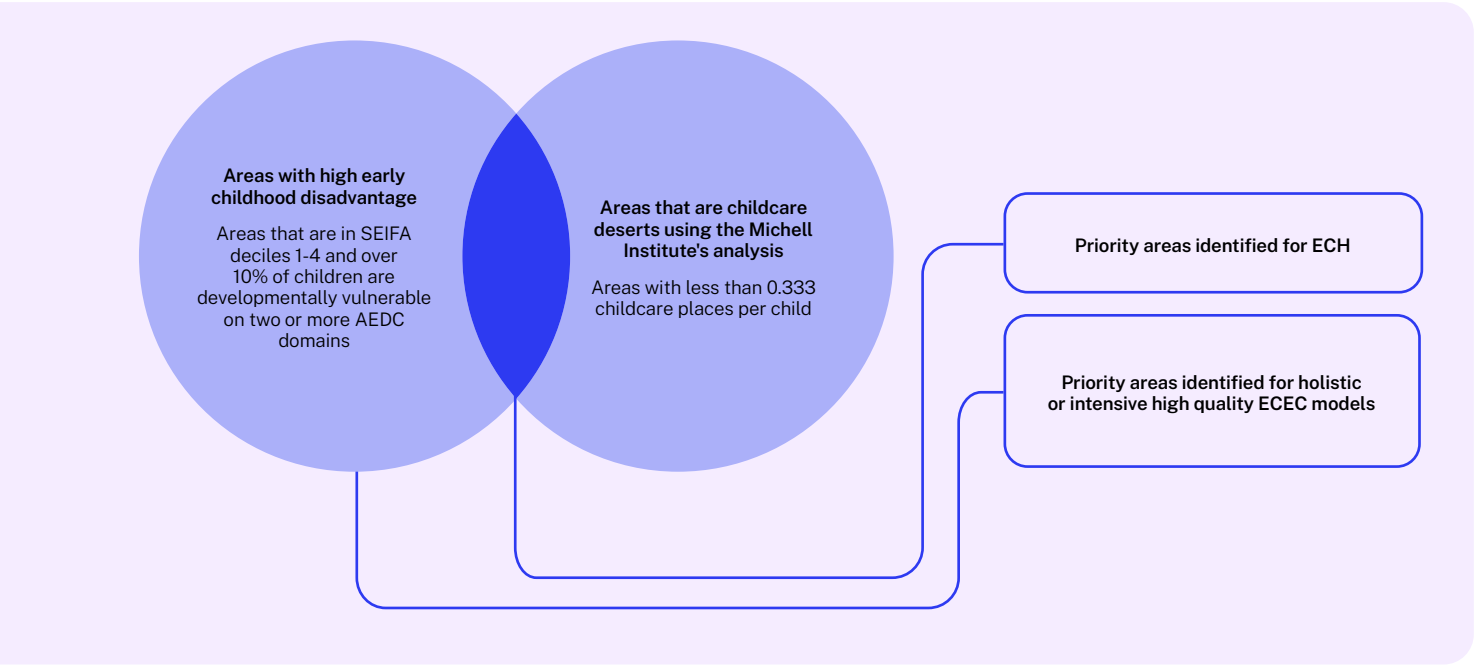
Step 1: Overlaying ECH need and childcare deserts

The first step was to identify areas that that have high child and family socio-economic disadvantage and developmental vulnerability and limited childcare supply (defined has having fewer than 0.333 places per child). This shortlisting step combined two datasets:

1. ECH need model results: Areas identified as in need of an ECH based on the ***ECH Need Report*** model with updated input data, namely areas classified by the ABS to be in the lowest four deciles of the SEIFA and are classified by the AEDC to have over 10% of children developmentally vulnerable on two or more domains, and
2. Mitchell Institute 2024 childcare desert results: Areas classified as childcare deserts, with a ratio of childcare places per child smaller than 0.333.

The areas of high early childhood disadvantage results and the childcare desert results were overlaid to generate a shortlist of areas that meet both criteria, as shown in Figure 3.3 below. Any areas with high early childhood disadvantage that were not childcare deserts, informed the priority areas for increased investment in holistic and integrated service delivery.

Figure 3.3: Overlay of areas with high early childhood disadvantage and childcare deserts



Step 2: Refining the shortlist to identify priority areas

To prioritise locations, the shortlist of areas identified for the overlay analysis was refined based on the number of children in need and the Mitchell Institute's hot and cold spot analysis on childcare deserts.

The shortlist of areas was refined to only include areas where the population of children experiencing significant disadvantage is over 50 children. This criterion aims to exclude areas that have a very low population of children in need and therefore may require a different solution (i.e. not infrastructure).

Consistent with the ***ECH Need Report*** analysis, the number of children experiencing significant disadvantage within each area was calculated based on the estimated number of children in each area who are in families with income below the poverty line, who are unemployed, or live in social housing.

Existing services are also accounted for in this step. For each existing ECH with childcare services within an area, the estimated number of children in need was reduced by 50 children. This calculation is an illustrative estimation that is intended to represent the existing demand served by the ECH.

The areas identified in the overlay analysis were further refined using the Mitchell Institute's childcare deserts hot and cold spot analysis. Data from the Mitchell Institute was used that identifies at an SA1 geographic level whether areas are hot or cold spots for childcare supply (Figure 3.3). SA1s are smaller than the SA2 level that areas are classified as in this analysis.

An area was excluded from the shortlist if it contained an SA1 that is classed as a hot spot for childcare supply. By excluding any areas that contain hotspots, this is ensuring that the analysis focuses on the areas with low supply of childcare throughout the whole area.

The final shortlist of areas included only areas that have high child and family disadvantage and vulnerability and are a childcare desert, have a population of at least 50 children experiencing significant disadvantage, and do not contain a hot spot area for childcare supply.

It is important to note that due to the criterion outlined above, 86 SA2s were excluded from the shortlist. These communities are all in areas with high early childhood disadvantage and have limited childcare supply. Despite not being included in the models presented in this report, further work is needed with these communities to identify how best to support children and families in need.

Childcare deserts methodology

The Mitchell Institute analysis on childcare deserts employs a spatial analysis methodology to measure accessibility to ECEC services across Australia. It considers supply and demand by apportioning the number of licensed ECEC places (the supply) according to how many non-school-aged children (the potential demand) are living within a certain catchment area (about 8 kilometres for metropolitan areas). The methodology produces a ratio of how many places are available per child for each SA1.

The definition of a childcare desert, which is 0.333 places per child (or three children per licensed place), comes from the international research literature.[37] The childcare deserts ratio is useful because it helps identify areas with low supply and accessibility.

However, the childcare desert ratio is only one measure. The measure doesn't identify where there are relatively high levels of accessibility. Often further analysis is also needed to understand how low levels of accessibility occur in a city or area.

Hot and cold spot analysis

A hot and cold spot analysis provides further insights into ECEC accessibility. A hot and cold spot analysis identifies where ECEC accessibility is significantly higher (hot spots) or lower (cold spots) compared to the surrounding areas. This is known as a Local Indicators of Spatial Autocorrelation (LISA) analysis. LISA provides a localised measure of spatial association, highlighting clusters of similar values and spatial outliers.

Hot spot and cold spot analysis is particularly useful because it doesn't rely on an absolute number, like the definition of childcare deserts. Instead, it uses the average childcare places per child in an area and then identifies which areas are above or below the average. It then identifies statically significant clusters of high and low accessibility.

For instance, in an area like Greater Sydney, the hot and cold spot analysis helps identify relatively high and low clusters of ECEC accessibility based on what is normal for Sydney. This approach strengthens the methodology to identify locations for an ECH because it avoids any reliance on an absolute ratio like the childcare desert definition, while also considering areas that already have relatively high levels of ECEC accessibility.

3.5 Ranking areas of highest need

The shortlist of priority areas was ranked in order of the most extreme child and family disadvantage and vulnerability and lowest accessibility of childcare services.

To rank the identified areas, key data was converted into a Z-score to understand the extremity of the relative need. A Z-score is a statistical measurement that represents the number of standard deviations a value is above or below the mean, or average, of the entire dataset. The standard deviation measures how dispersed the data is relative to the mean. The Z-scores represent how 'extreme' the level of need is for an area relative to the average results of all areas.

A separate Z-score was calculated to represent the 'need for ECH' and the 'childcare deserts' results.

[iv] To understand the portion of the population within each SA2 that is in SEIFA Deciles 1-3, Deloitte Access Economics used SEIFA IRSD decile data at an SA1 level. SA1s are the smallest ABS Statistical Area and are aggregated to form SA2s. There are 68,850 SA1 areas covering Australia. The SEIFA decile of each SA1 was identified to calculate the portion of the population of each SA2 in SEIFA deciles 1-3.

The Z-score of the 'need for ECH' analysis aligns with the ***ECH Need Report***. The data used to understand relative need in this work was the portion of the population in each area that is in SEIFA deciles 1-3, as well as AEDC data on the portion of the population in the area that are developmentally vulnerable on two or more domains.[iv] The AEDC and SEIFA data Z-scores were averaged to form a total Z-score for the relevant measures of disadvantage considered to indicate need for ECH.

A Z-score for the Mitchell Institute's childcare desert results was calculated using the data on the ratio of childcare places per child in each area.

These Z-scores were averaged to create a combined Z-score for each area. Converting the data to a Z-score allows the results to be compared on a standardised basis. A very high Z-score indicated a high need for ECH and/or low childcare supply.

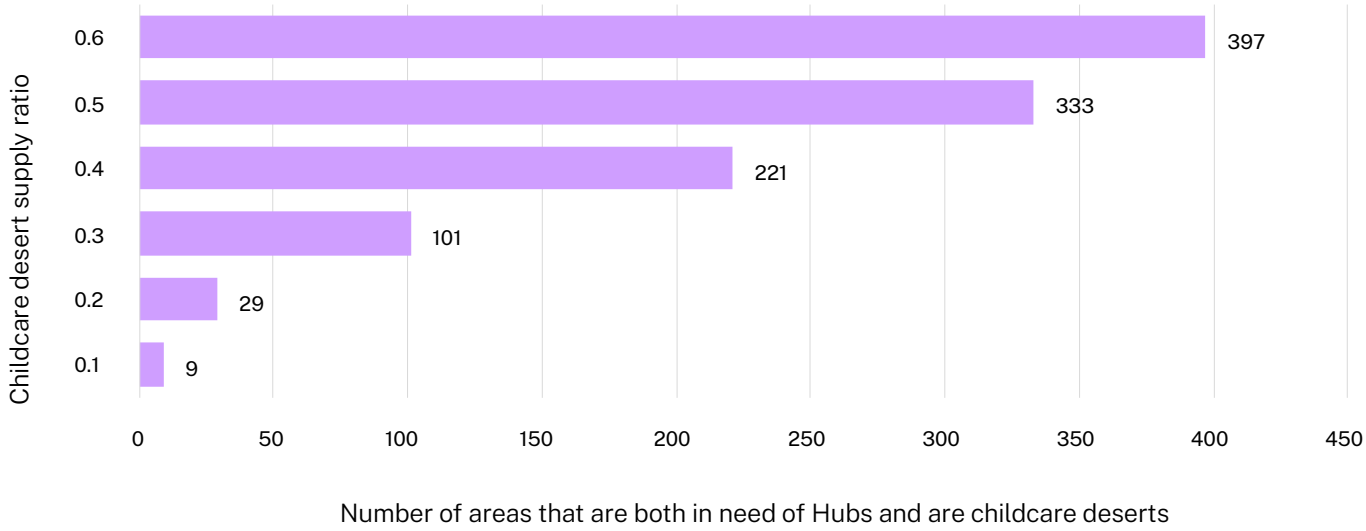
The combined Z-score results from each area were ranked from highest to lowest. A rank of 1 indicates the area with the most extreme child and family disadvantage and vulnerability and lowest accessibility of childcare services.

Sensitivity of overlay modelling results

It should be emphasised that the identified priority need areas are based on the assumptions used in the overlay modelling as described above. This work does not suggest that areas not identified, or ranked lower down the list, would not benefit from the development of ECH, investment in holistic and integrated early learning opportunities or additional childcare supply. Other important factors such as population size, childcare demand and quality of existing services do not form inputs to the ranking of priority areas.

Additionally, as the identified priority need areas depend on the thresholds set for childcare deserts and early childhood disadvantage, the results can be highly dependent on the thresholds set for each criterion. For example, an area is defined by the Mitchell Institute to be a childcare desert if there are fewer than 0.333 childcare service places available for each child. If the threshold set for childcare supply is changed from 0.333, the number of priority need areas changes. This is demonstrated in Chart 3.4 below.

Figure 3.4: Sensitivity of the overlay results when the definition of childcare deserts is altered



Source: Deloitte Access Economics (2024) based on data from the Mitchell Institute, Australian Bureau of Statistics, and the Australian Early Development Census.

The Productivity Commission's (PC) 2024 inquiry report, *A path to universal early childhood education and care,* recommended that every child aged between 0-5 has access to ECEC for three days per week. This would represent a minimum ratio of 0.6 childcare places per child using the Mitchell Institute's childcare desert results.

While this work uses the Mitchell Institute's childcare desert definition (a ratio of 0.33), in line with the intention to focus on priority areas of the highest acute need for integrated early childhood responses, the above chart demonstrates that if the PC's recommended ratio of 0.6 places was implemented, the overlap between areas in need of an ECH and in a childcare desert increases to almost 400 areas (16% of SA2s in Australia, and 54% of areas in need of an ECH). This reinforces the need to consider need and the appropriate integrated response at a community level.

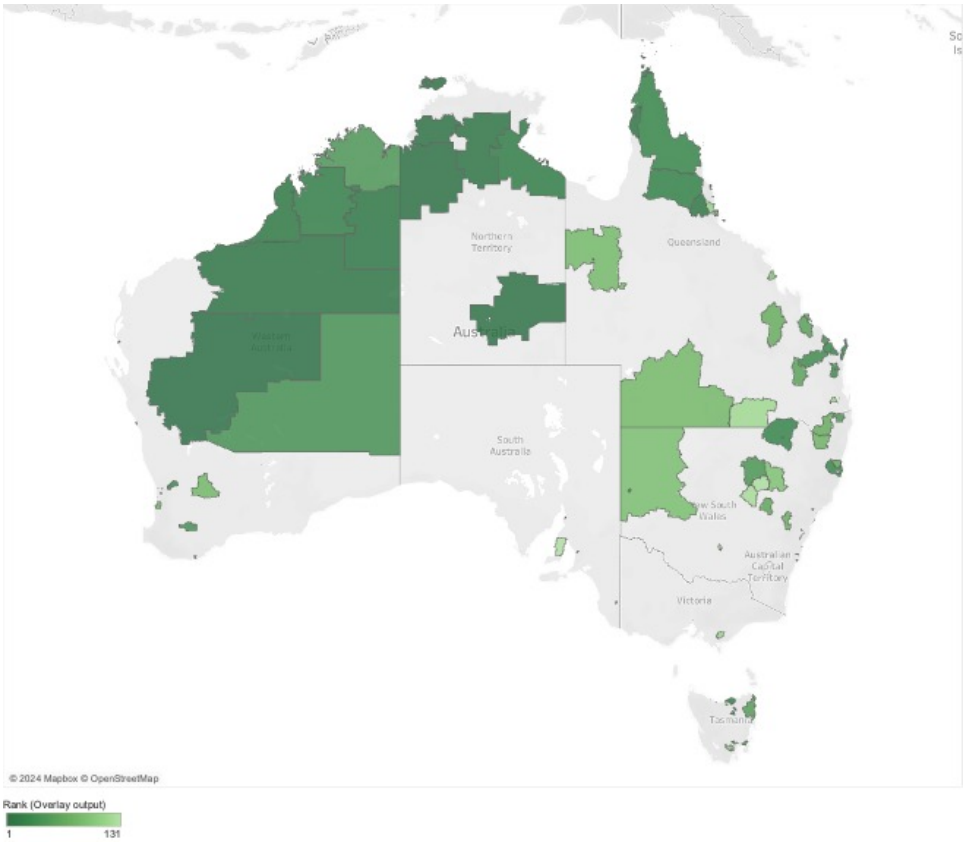
4. Analysis – results of the overlay modelling

This chapter outlines the results of the overlay modelling that identified areas that have high early childhood disadvantage and are in a childcare desert as priority areas for new infrastructure investment to deliver ECEC through an ECH. Due to the deep disadvantage experienced by children in these communities, a holistic service response is required to ensure they can access the breadth of early childhood services and supports needed for them to thrive. This means providing access to the holistic services and supports that children and families need in the early years, which can be enabled by ensuring new ECEC services in childcare deserts are not implemented as standalone centres but rather are integrated into an ECH. In these unserved and underserved communities, it makes sense to think strategically about how infrastructure investments can be made to lift developmental outcomes, which is reliant on families accessing quality and holistic child and family services.

4.1 Results of the overlay modelling

The overlay modelling process identified 131 areas in a childcare desert that have high early childhood disadvantage. This represents 5.3% of all areas in Australia and 18% of all areas with high early childhood disadvantage. Within these areas, there are an estimated 25,400 children experiencing significant disadvantage who are identified as having a priority need for an ECH.[v] Within these 131 areas there is an existing supply of only 38 ECHs, meaning the majority of children in these areas are currently unable to access an ECH. The identified areas were ranked by their relative severity of child and family disadvantage and vulnerability and lack of childcare supply. Figure 4.1 summarises the priority need areas identified through the overlay modelling by their rank of relative need.

Figure 4.1: Overlay modelling results of priority areas for ECH



Source: Deloitte Access Economics (2024) based on data from the Mitchell Institute, Australian Bureau of Statistics, and the Australian Early Development Census.

[v] For each existing ECH with childcare services within an area, the estimated number of children in need was reduced by 50 children. Only 6 ECHs include childcare services. This calculation is an illustrative estimation that is intended to represent the existing demand served by the ECH.

Table 4.1 below summarises the 20 areas with the highest child and family disadvantage and vulnerability in a childcare desert and therefore in priority need of investment in an ECH. The highest need area is ranked in position one. The table shows the SEIFA decile of the area, the portion of children developmentally vulnerable according to the AEDC, and the available childcare places per child using the Mitchell Institute's data. The ranking was determined through the relative extremity of these variables.

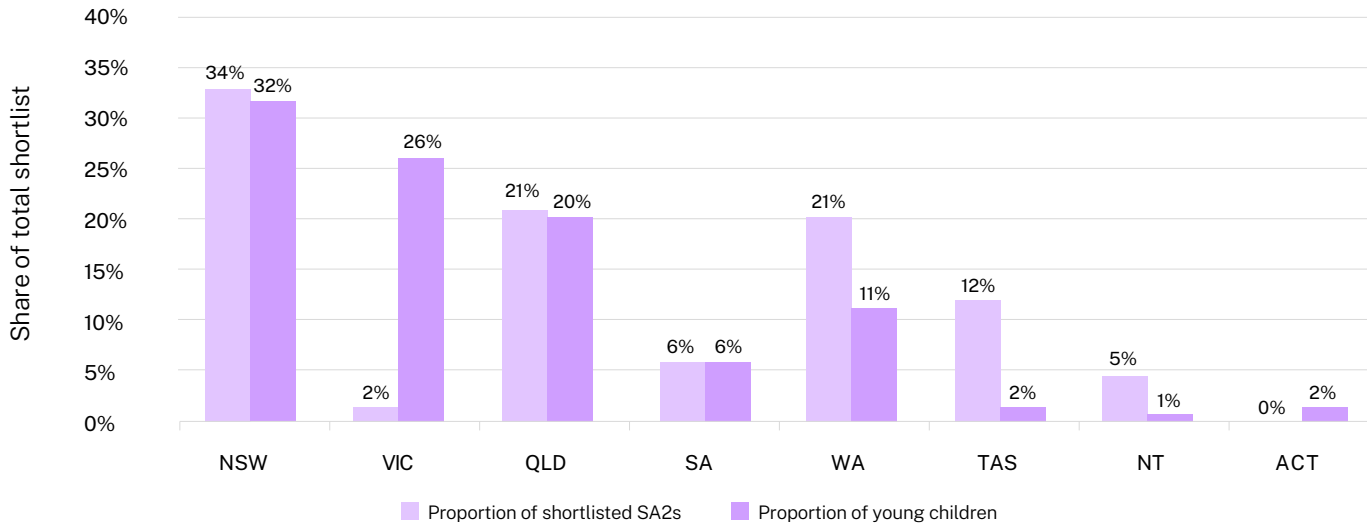
Table 4.1: Overlay modelling results of priority areas for an ECH

Rank	SA2	State	Childcare desert results	Estimated population of 0-6 year old children in need	SEIFA decile	% of children developmentally vulnerable on two or more AEDC domains	Aboriginal or Torres Strait Islander % of population
1	Meekatharra	Western Australia	**0.05**	119	**1**	44%	24%
2	Sandover - Plenty	Northern Territory	**0.10**	362	**1**	54%	85%
3	Victoria River	Northern Territory	**0.12**	376	**1**	57%	75%
4	Daly	Northern Territory	**0.07**	174	**1**	48%	69%
5	Tiwi Islands	Northern Territory	**0.27**	227	**1**	81%	86%
6	East Pilbara	Western Australia	**0.03**	220	**1**	26%	23%
7	Elsey	Northern Territory	**0.10**	193	**1**	42%	71%
8	Halls Creek	Western Australia	**0.20**	435	**1**	51%	78%
9	Aurukun	Queensland	**0.14**	108	**1**	37%	89%
10	Herberton	Queensland	**0.11**	54	**1**	28%	14%
11	Roebuck	Western Australia	**0.03**	241	**1**	14%	61%
12	Longford	Tasmania	**0.01**	60	**2**	14%	4%
13	Risdon Vale	Tasmania	**0.04**	69	**1**	11%	12%
14	Yarrabah	Queensland	**0.16**	311	**1**	31%	96%
15	Gulf	Northern Territory	**0.23**	407	**1**	42%	77%
16	Northern Peninsula	Queensland	**0.20**	426	**1**	35%	82%
17	Derby - West Kimberley	Western Australia	**0.18**	654	**1**	31%	60%
18	George Town	Tasmania	**0.08**	114	**1**	14%	5%
19	Bridgewater - Gagebrook	Tasmania	**0.22**	504	**1**	34%	18%
20	Tablelands	Queensland	**0.09**	51	**2**	16%	18%

Source: Deloitte Access Economics (2024) based on data from the Mitchell Institute, Australian Bureau of Statistics, and the Australian Early Development Census.

The identified priority areas for an ECH are mostly concentrated in NSW, QLD and WA. NSW accounts for over a third of the identified priority areas. However, while the NT has a relative smaller number of areas, these areas are highly ranked as priority areas. Five of the 10 highest need areas are within the NT, and three of the 10 are in WA.

Figure 4.2: Proportion of priority areas by state and territory



Source: Deloitte Access Economics (2024) based on data from the Mitchell Institute, Australian Bureau of Statistics, and the Australian Early Development Census.

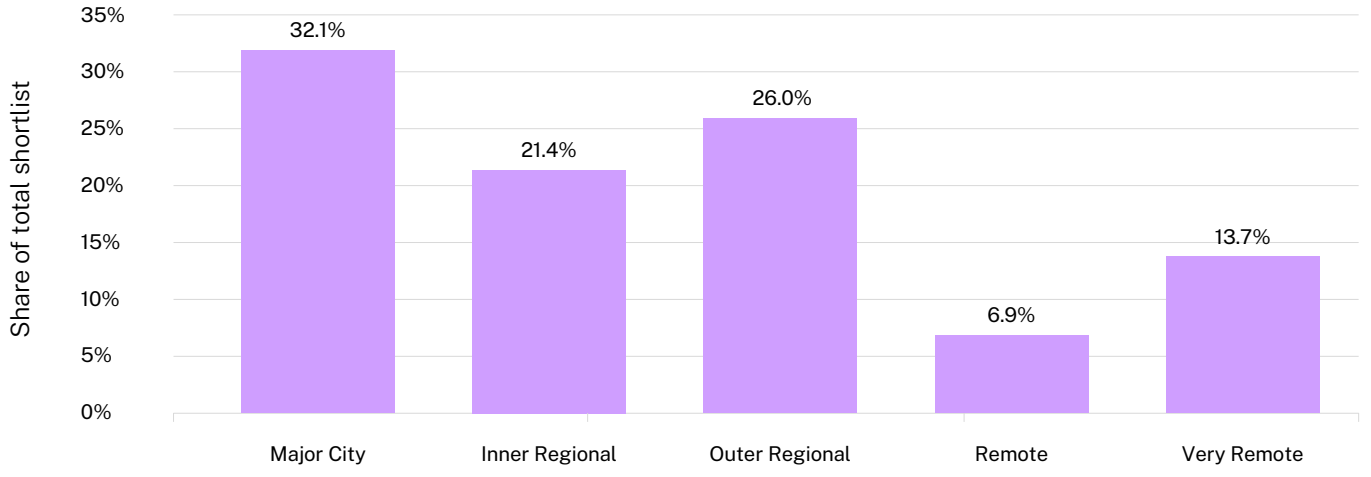
The number of areas in the NT in the overlay modelling results is lower than the ***ECH Need Report*** modelling results. There were 26 identified in-need areas in the NT when only ECH is considered, which has fallen to 6 priority areas in the overlay modelling. This is reflective of the additional criteria included in this analysis, including the inclusion of a threshold for childcare deserts (24 areas removed) and a minimum population of children in need (two areas removed). Appendix A5 provides a list of all areas that did not meet the minimum population of children in need threshold.

Note that while there are no priority need areas identified in the ACT, this does not mean that there are not areas in the ACT that are socio-economically disadvantaged or have low childcare supply. The ACT government has previously published work arguing that disadvantage within the ACT may present differently to other jurisdictions, and hence SEIFA indexes may capture only a small portion of the level of disadvantage within the territory.[38] This is because the ACT has one of the greatest proportions of highly socio-economically diverse neighbourhoods, so need may be spread across the territory rather than concentrated in certain SA2s.

4.2 Distribution across remote, regional and urban centres

Regional and remote areas make up a majority of the priority need areas for an ECH. These areas also rank highly in terms of relative levels of need. Over two thirds of the total identified priority need areas (68%) may be classified as regional or remote areas. Of the top 50 highest-need areas, 42 (84%) are in regional or remote areas.

Figure 4.3: Proportion of priority areas by regional classification



Source: Deloitte Access Economics (2024) based on data from the Mitchell Institute, Australian Bureau of Statistics, and the Australian Early Development Census.

Appendices A1-A4 provide a list of all areas within the overlap, differentiated by remote, regional, outer metropolitan or inner metropolitan. The areas most in need across regional, outer metropolitan and inner metropolitan are provided in tables 4.2 to 4.4 below.

Table 4.2: Top 10 regional areas that have high early childhood disadvantage, and are in a childcare desert

Rank (overall n=131)	SA2	State	Estimated population of 0-6 year old children in need
10	Herberton	Queensland	54
12	Longford	Tasmania	60
13	Risdon Vale	Tasmania	69
14	Yarrabah	Queensland	311
18	George Town	Tasmania	114
19	Bridgewater - Gagebrook	Tasmania	504
20	Tablelands	Queensland	51
23	Moree Surrounds	New South Wales	66
24	Nambucca Heads	New South Wales	61
27	Kempsey Surrounds	New South Wales	79

Note: SA2s were classified as 'regional' in alignment with ABS Remoteness Area classifications. Classifications are based on the majority of the population in an SA2 as some SA2s may contain SA1 areas which are classified differently.

Table 4.3: Top 10 outer metropolitan areas that have high early childhood disadvantage, and are in a childcare desert

Rank (overall n=131)	SA2	State	Estimated population of 0-6 year old children in need
22	Wacol	Queensland	143
26	Elizabeth	South Australia	468
31	Port Kembla - Warrawong	New South Wales	162
34	The Entrance	New South Wales	104
40	Maddington - Orange Grove - Martin	Western Australia	216
42	Smithfield - Elizabeth North	South Australia	321
49	Calista	Western Australia	87
50	Elizabeth East	South Australia	291
51	Warwick Farm	New South Wales	187
54	Kurri Kurri - Abermain	New South Wales	209

Note: SA2s were classified as 'major city' based on ABS Remoteness Area classifications. These were further categorised based on whether they were located in electorates classified by the Australian Electoral Commission as inner metropolitan or outer metropolitan.

Table 4.4: Top five inner metropolitan areas that have high early childhood disadvantage, and are in a childcare desert

Rank (overall n=131)	SA2	State	Estimated population of 0-6 year old children in need
52	Fawkner	Victoria	246
65	Chester Hill - Sefton	New South Wales	407
68	Balga - Mirrabooka	Western Australia	497
85	Girrawheen	Western Australia	178
86	Berala	New South Wales	121

Note: SA2s were classified as 'major city' based on ABS Remoteness Area classifications. These were further categorised based on whether they were located in electorates classified by the Australian Electoral Commission as inner metropolitan or outer metropolitan.

4.3 Concentration in Aboriginal and Torres Strait Islander communities

For the shortlisted areas, the analysis reveals a trend in the proportion of the population that identifies as Aboriginal and Torres Strait Islander – as remoteness increases, the proportion of the population that is Aboriginal and Torres Strait Islander rises. This trend aligns with the general pattern of Aboriginal and Torres Strait Islander population distribution in Australia, where Aboriginal and Torres Strait Islander populations comprise 1% the population in major cities, but 49% of the population in very remote areas.[39]

On the other hand, the shortlisted areas noticeably capture a significantly higher share of the population that are Aboriginal and Torres Strait Islander people, particularly in major cities and remote areas.

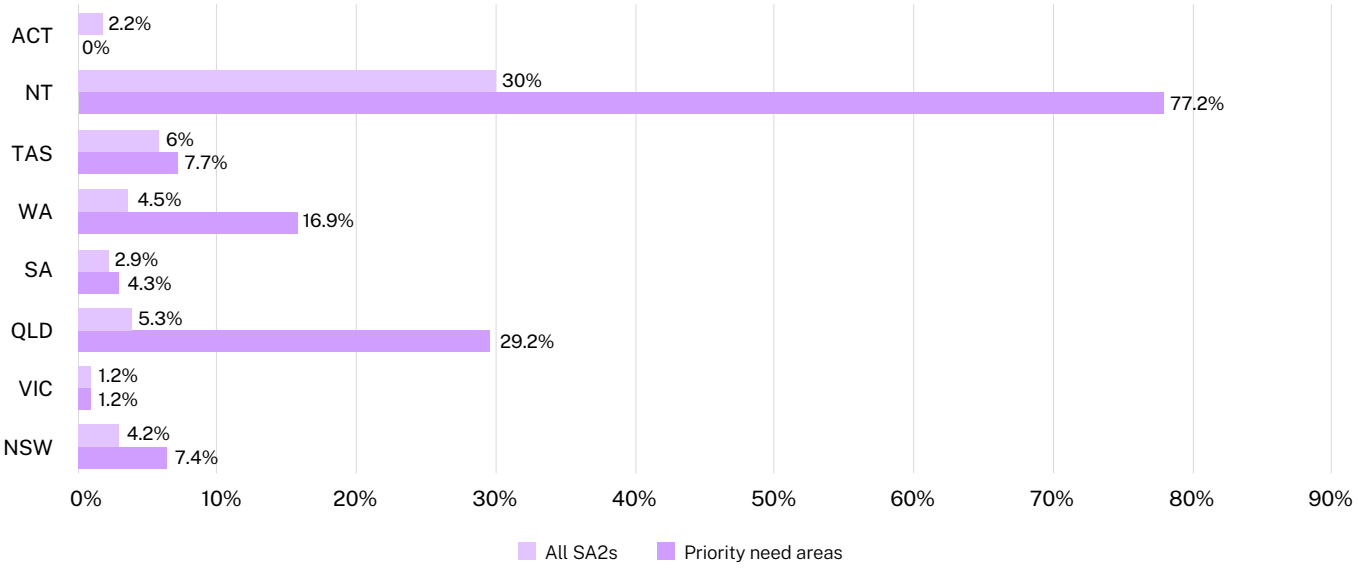
The priority areas also represent a higher share of Aboriginal and Torres Strait Islander population than the overall state averages, in nearly all states and territories, except in VIC and in ACT. This effect is most pronounced in the NT, QLD, and NSW. This indicates that the shortlisted areas capture a significantly higher concentration of Aboriginal and Torres Strait Islander communities compared to Australia as a whole.

Currently in Australia, Aboriginal and Torres Strait Islander children are more than twice as likely as all other children to be developmentally vulnerable when they start school. High-quality early childhood education and integrated, family-focussed early childhood programs can improve outcomes for children, particularly when implemented with a focus on essential principles such as Aboriginal and Torres Strait Islander community ownership and leadership; embedding culture; sustainability; and a holistic approach that is responsive to need.[6]

Aboriginal and Torres Strait Islander community-controlled early learning services have huge potential to improve the outcomes for First Nations children and families. However, these organisations face many challenges that inhibit their success. SNAICC – National Voice for Our Children has been working persistently for over 40 years to bring social justice and policy reform to see a strong and sustainable Aboriginal and Torres Strait Islander community-controlled sector. Social Ventures Australia, Deloitte Access Economics and the Mitchell Institute support SNAICC's priorities in this regard to:

- advocate for a unique funding model that is more responsive to community need, in accordance with recommendation in the PC 2024 inquiry report, *A path to universal early childhood education and care*
- deliver and expand the Early Years Support program which works across three jurisdictions to support, strengthen and enhance the impact of early years ACCOs supported by independent evaluation, and
- dedicated resources for new ACCO service establishment. This could include establishment of a National ACCO Operator to establish new early years ACCO providers and provide back-office support to smaller, independent ACCOs.

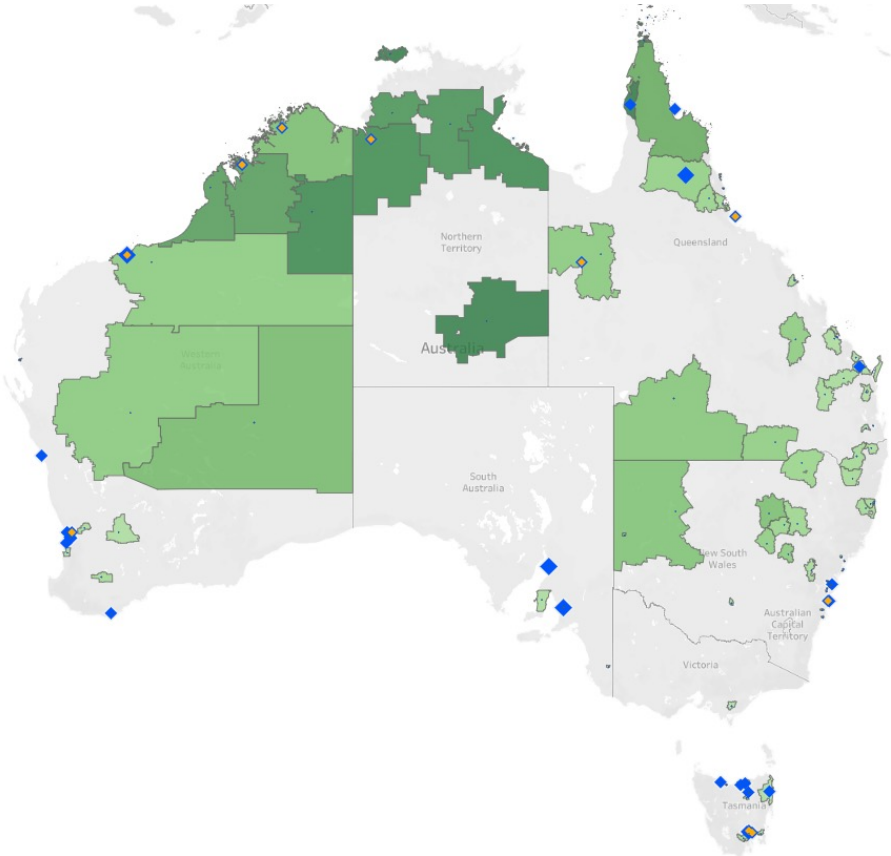
Figure 4.3: Portion of the population that is Aboriginal and Torres Strait Islander by state and territory, comparing the overall average to the average in priority need areas



Source: For all SA2 data: ABS Census (2021); for shortlisted SA2s: Deloitte Access Economics (2024) based on data from the Mitchell Institute, Australian Bureau of Statistics, and the Australian Early Development Census. Note: Areas are defined as SA2s.

The map below illustrates the proportion of the population that are Aboriginal and Torres Strait Islander within the areas identified as having high levels of early childhood disadvantage and are a childcare desert. The darker areas have higher concentrations of Aboriginal and Torres Strait Islander children and families within the area population. The boxes represent the presence of Aboriginal community controlled or led organisations, with orange boxes representing early childhood services and blue boxes representing broader Aboriginal services including Connected Beginnings sites and community-controlled health services.

Figure 4.4: Priority areas for an Aboriginal Community Controlled ECH by Aboriginal and Torres Strait Islander portion of the population, with existing ACCOs (early childhood and health) mapped.



Source: Deloitte Access Economics (2024) based on data from the Mitchell Institute, Australian Bureau of Statistics, and the Australian Early Development Census.

4.4 Population growth and shifts

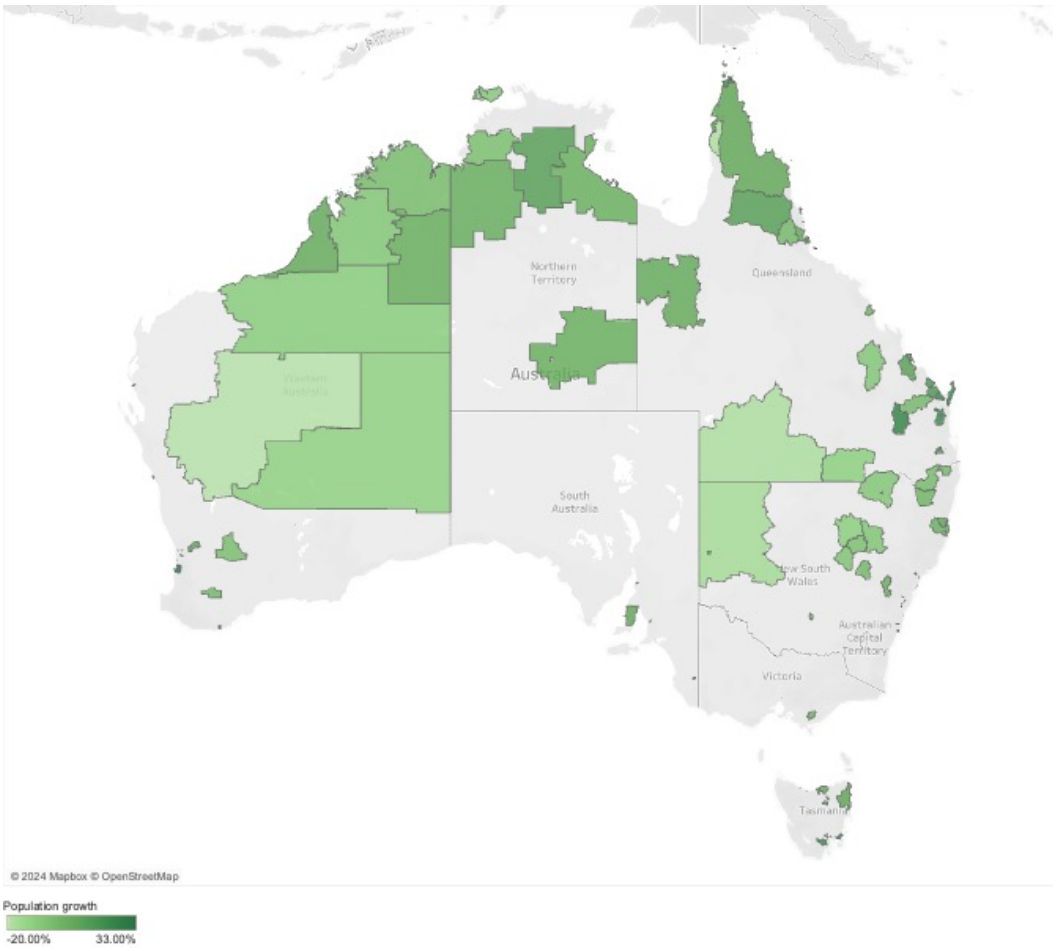
Historical population growth trends within the identified priority need areas may be an indicator of future demand trends for additional service infrastructure. The average population growth rate for the identified priority need areas from 2011 to 2021 was 5%, compared to the total Australian population growth rate of 15% over the same period.

The lower population growth than average among priority need areas is partly driven by the prevalence of remote areas in need. Population in remote areas on the priority need list grew by an average rate of -1% from 2011 to 2021, well below the national average.

However, there are some high growth areas identified as priority need areas. For example, population in the Lethbridge Park – Tregear SA2 in Blacktown in Sydney grew by 32% over the decade to 2021. This area is an example of a relatively high growth area on the outskirts of a major city where infrastructure supply may not be adequate.

Figure 4.4 below summarises historical population growth across the 131 identified priority need areas for an ECH.

Figure 4.4: Priority areas for an ECH by population growth

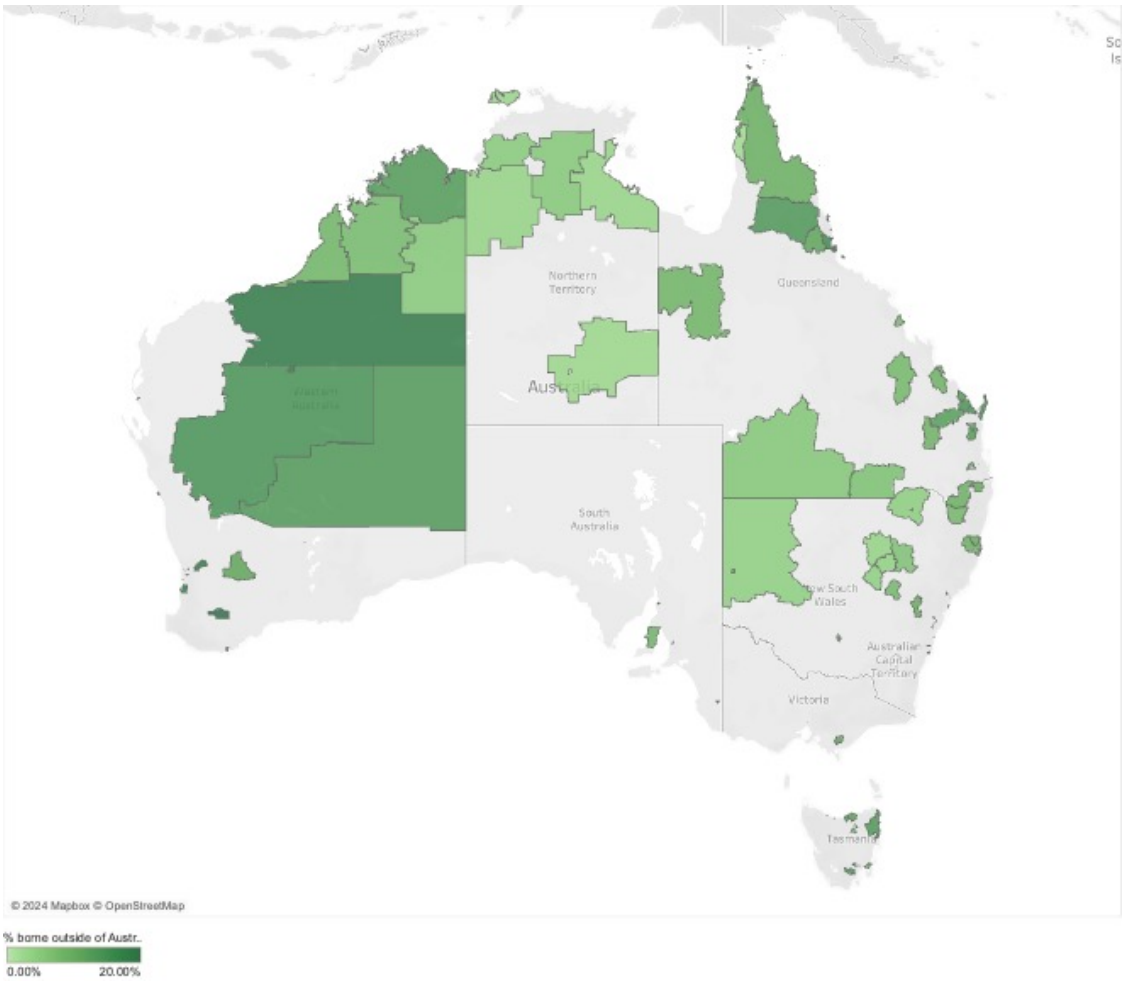


Source: Deloitte Access Economics (2024) based on data from the Mitchell Institute, Australian Bureau of Statistics, and the Australian Early Development Census.

Among the identified priority need areas, an average of 19% of the population is born outside of Australia. This is slightly below the national average of 23%. The lower-than-average migration rate in priority need areas is likely reflective of most of these areas being in remote or regional areas, while migrants to Australia are most likely to move to major cities.

However, there are some in-need areas that have a very high share of the population born outside of Australia. For example, 66% of the population of Fairfield in Sydney was born outside of Australia. This includes young families, as there were 350 children under 10 years old born overseas in the area at the time of the 2021 Census. Migration of families with young children may increase demand for a broad range of early childhood, family and settlement services. The ECH model is designed to be responsive to the needs of the local community and can provide a safe and trusted place where culturally and linguistically diverse children and families can access the information, services and supports they need.

Figure 4.5: Priority areas for an ECH by portion of the population born in a country outside of Australia



Source: Deloitte Access Economics (2024) based on data from the Mitchell Institute, Australian Bureau of Statistics, and the Australian Early Development Census.

The overlay analysis also incorporated the Mitchell Institute's hot and cold spot analysis. When identifying priority areas, eight areas were excluded from the priority shortlist because the Mitchell Institute found that these areas contained a hot spot for childcare. The remaining 131 areas did not contain a hot spot and 98 or 75% of these areas contained a cold spot for childcare supply.

4.5 Areas that have high early childhood disadvantage but are not classified as childcare deserts

The second model, the ECH Need Model, identified 737 areas where there is high early childhood disadvantage. 520 (71%) of these 737 communities with high early childhood disadvantage across Australia are not in childcare deserts. This highlights the extent to which current universal provisions of ECEC are not meeting the needs of children experiencing disadvantage. Further detail on this modelling can be found in Section 2 of this report.

There is an urgent need for research to better understand and respond to what is happening in these communities. The response will depend on local need, service availability and the profile and quality of the available ECEC market. Where appropriate, existing ECEC services could be supported to offer a holistic and/or highly intensive quality ECEC model for children.

The 20 areas with the highest early childhood disadvantage that are not childcare deserts are shown in Table 4.6 below.

Table 4.6: Areas that have high early childhood disadvantage but are not classified as childcare deserts

Rank	SA2	State	Childcare deserts ratio	Estimated population of 0-6 year old children in need	Total population of 0-6 year old children	Share of 0-6 year old child population in need	Population growth 2011 to 2021
1	APY Lands	South Australia	**0.53**	**280**	280	**100%**	-4%
2	Moulden	Northern Territory	**0.63**	**120**	350	**34%**	-3%
3	Thamarrurr	Northern Territory	**0.38**	**220**	220	**100%**	-8%
4	Morwell	Victoria	**0.53**	**280**	1140	**25%**	1%
5	Meadow Heights	Victoria	**0.45**	**470**	1420	**33%**	-4%
6	Bourke - Brewarrina	New South Wales	**0.59**	**100**	350	**29%**	-21%
7	Heatley	Queensland	**0.91**	**60**	260	**23%**	-9%
8	Gray	Northern Territory	**0.68**	**100**	330	**30%**	-6%
9	Berserker	Queensland	**0.78**	**100**	640	**16%**	-5%
10	Beresfield - Hexham	New South Wales	**0.43**	**140**	700	**20%**	0%
11	Liverpool - West	New South Wales	**0.37**	**310**	1290	**24%**	6%
12	Svensson Heights - Norville	Queensland	**0.80**	**60**	410	**15%**	-1%
13	Campbellfield - Coolaroo	Victoria	**0.34**	**500**	1600	**31%**	-3%
14	Broadmeadows	Victoria	**0.47**	**530**	1390	**38%**	15%
15	Lurnea - Cartwright	New South Wales	**0.35**	**440**	1420	**31%**	13%
16	Inala - Richlands	Queensland	**0.53**	**950**	2300	**41%**	27%
17	Withers - Usher	Western Australia	**0.37**	**100**	440	**23%**	-7%
18	Mackay	Queensland	**0.73**	**40**	220	**18%**	-3%
19	Park Avenue	Queensland	**0.72**	**50**	460	**11%**	-3%
20	Southern Moreton Bay Islands	Queensland	**0.48**	**60**	250	**24%**	31%

5. Recommendations

For all recommendations, deep engagement with identified communities on needs, priorities and gaps in early years supports is a critical first step to better understand and meet the needs of children and their families. This must include a commitment to shared decision making, self determination and cultural governance, in alignment with Closing the Gap Priority Reform One.[40]

1. The Commonwealth Government prioritise investment for new infrastructure in the 131 childcare deserts across Australia with high child and family disadvantage and developmental vulnerability.
2. When investing in these areas, we recommend building Early Childhood Hubs or ACCO early years services in areas with high Aboriginal or Torres Strait Islander populations. These children and families need more than a place in childcare.
3. The Commonwealth Government provide funding for the effective and sustainable operation of these Early Childhood Hubs and ACCOs. Dedicated resources to grow and support the ACCO early years sector are also critical.
4. The Commonwealth Government invest in a range of quality integrated early learning models in the 520 communities experiencing high child and family disadvantage and developmental vulnerability that are not childcare deserts. These include:
    a. ACCO early years services;
    b. holistic high-quality ECEC models; and/or
    c. highly intensive, quality ECEC models, as detailed in this report.

6. Conclusion

The Productivity Commission defined a universal system as one that enables all children access to ECEC that supports their development and that focuses on meeting children's needs – while also considering the preferences and needs of their families.[41] It was clear that universal does not mean uniform, with the model of ECEC delivery differing depending on the location and needs of children.

This research identifies a significant cohort of children who are not able to access the conditions, services and supports that they need to thrive in the early years. These children are experiencing significant socio-economic disadvantage, developmental vulnerability and are in a childcare desert. The deep disadvantage experienced by children in these communities requires a holistic service response to ensure they can access the breadth of early childhood services and supports needed for them to thrive. Children living in these communities need access to more than just a place at childcare.

The report identifies priority communities for investment in an ECH. In many of the underserved and unserved locations identified through the research, this will require both investment in infrastructure for an ECH, as well as ongoing supply side funding mechanisms to ensure effective operation and sustainability. It also identifies communities that may not be in a childcare desert but have high levels of early childhood disadvantage and developmental vulnerability. It appears that current ECEC provision in these communities is not adequate to redress this vulnerability, requiring prioritisation of these communities as potential locations for alternative models of ECEC delivery that build on existing infrastructure. These include holistic, high-quality ECEC, intensive high-quality ECEC, Schools as Community Platforms or ACCO-run models. In some locations, a variety of models will be needed to transform outcomes. A full list of recommendations is detailed above.

It is the intention of this research to provide a starting point or contribution for government inquiry into potential locations for investment in ECEC through ECHs and other integrated service delivery models. The research will contribute to supporting the work of the sector under the leadership of the National Child and Family Hubs Network in its efforts to understand our current landscape, what we can build from and where we need to focus efforts. It is not intended to be a definitive list of all children in need, and none of the communities identified through this research have been engaged to ascertain their perspectives on the level of early childhood need they are experiencing or the potential solutions required. This research is based on existing available national data sets and does not contain a nuanced family and community articulation of need or priorities or capture social connections, support, and relationships with existing services. This is required future work although in many of these communities, this work will be far progressed.

6.1 Future work needed

There are a number of critical pieces that we see as important future pieces of work.

Data is needed to understand what additional services and supports are being offered by ECEC centres, and **which additional components are making the biggest difference to outcomes**. For example, the South Australian Royal Commission into Early Childhood Education and Care Data found that 95% of ECEC services reported either directly offering additional activities to support the children and families that attend, or support children and families to access additional activities on their sites.

Better early childhood service data is needed to make sure we support children who need it most, and make the best use of Commonwealth Government investment. Right now, we don't have detailed, joined-up data on the quality, quantity and participation in services, nor current demand. We don't know if we're on track to improve services, or make them easier to access. With no holistic oversight, we'll continue failing to make the most of the Commonwealth Government's finite funding.

Further work is needed in the **86 communities excluded from the shortlist** to identify how best to support children and families in need.

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Appendices

Table A.1: Highest priority areas for ECH in remote areas

Rank	SA2	State	Estimated population of 0-6 year old children in need
1	Meekatharra	Western Australia	119
2	Sandover - Plenty	Northern Territory	362
3	Victoria River	Northern Territory	376
4	Daly	Northern Territory	174
5	Tiwi Islands	Northern Territory	227
6	East Pilbara	Western Australia	220
7	Elsey	Northern Territory	193
8	Halls Creek	Western Australia	435
9	Aurukun	Queensland	58
11	Roebuck	Western Australia	241
15	Gulf	Northern Territory	407
16	Northern Peninsula	Queensland	426
17	Derby - West Kimberley	Western Australia	604
21	Palm Island	Queensland	309
25	Cape York	Queensland	549
35	Torres	Queensland	183
37	Leinster - Leonora	Western Australia	278
43	Coonamble	New South Wales	102
44	Kununurra	Western Australia	380
47	Torres Strait Islands	Queensland	631
64	Carnarvon	Western Australia	136
66	South Hedland	Western Australia	184
83	Far South West	Queensland	65
84	Mount Isa Surrounds	Queensland	86
89	Far West	New South Wales	73
100	Mount Isa	Queensland	329
120	Balonne	Queensland	88

Table A.2: Highest priority areas for ECH in regional areas

Rank	SA2	State	Estimated population of 0-6 year old children in need
10	Herberton	Queensland	54
12	Longford	Tasmania	60
13	Risdon Vale	Tasmania	69
14	Yarrabah	Queensland	311
18	George Town	Tasmania	114
19	Bridgewater - Gagebrook	Tasmania	504
20	Tablelands	Queensland	51
23	Moree Surrounds	New South Wales	66
24	Nambucca Heads	New South Wales	61
27	Kempsey Surrounds	New South Wales	79
28	Burrum - Fraser	Queensland	71
29	Northam	Western Australia	131
30	Bundaberg Surrounds - South	Queensland	59
32	Gympie Surrounds	Queensland	102
33	Gayndah - Mundubbera	Queensland	63
36	Katanning	Western Australia	103
38	Bundaberg Surrounds - North	Queensland	60
39	Newnham - Mayfield	Tasmania	256
41	Acton - Upper Burnie	Tasmania	52
45	Broken Hill	New South Wales	152
46	Kyogle	New South Wales	75
48	Dodges Ferry - Lewisham	Tasmania	57
53	St Helens - Scamander	Tasmania	63
57	Gladstone Hinterland	Queensland	68
58	Chinchilla	Queensland	62
60	Innisfail	Queensland	211
62	Wellington	New South Wales	128
67	Nambucca Heads Surrounds	New South Wales	71
69	McKail - Willyung	Western Australia	149
70	Central Highlands - East	Queensland	273
71	Tenterfield	New South Wales	87
72	Ravenswood	Tasmania	181
73	Lithgow Surrounds	New South Wales	52
76	New Norfolk	Tasmania	74
77	Berriedale - Chigwell	Tasmania	67

Rank	SA2	State	Estimated population of 0-6 year old children in need
78	Glen Innes	New South Wales	103
82	Merredin	Western Australia	63
87	Boulder	Western Australia	72
88	Macksville - Scotts Head	New South Wales	54
93	Coonabarabran	New South Wales	100
94	Port Pirie	South Australia	192
96	Sarina	Queensland	66
97	Huonville - Franklin	Tasmania	59
102	St Georges Basin - Erowal Bay	New South Wales	90
105	Waverley - St Leonards	Tasmania	63
106	Geraldton - East	Western Australia	106
107	Ulverstone	Tasmania	57
108	Clinton - New Auckland	Queensland	175
110	Beauty Point - Beaconsfield	Tasmania	50
111	Churchill	Victoria	112
113	Tully	Queensland	103
115	Rosewood	Queensland	88
116	Leeton	New South Wales	101
118	Albany	Western Australia	90
122	Geraldton	Western Australia	134
123	North Nowra - Bomaderry	New South Wales	151
124	Narromine	New South Wales	62
126	Naracoorte	South Australia	54
127	Gilgandra	New South Wales	63
128	Parklands - Camdale	Tasmania	125
129	Yorke Peninsula - North	South Australia	55
130	Telina - Toolooa	Queensland	75

The remaining SA2s are classified by the ABS as being located in major city areas. These were then further categorised based on whether they are located in electorates classified by the Australian Electoral Commission as inner metropolitan or outer metropolitan. This distinction helps identify the parts of major cities where these areas are located, noting that that ABS does not have a classification based on whether an SA2 is inner or outer metropolitan.

To allocate SA2s to these categories, SA2s were mapped to their federal electorate at the time of the 2022 election and then classified as inner and outer metropolitan. There are some important caveats that should be borne in mind when considering this classification.[vi] In total, 31 SA2s were located in electorates classified as outer metropolitan areas and 11 were in electorates classified as inner metropolitan.

[vi] Some electorates are classified as 'provincial' including some on the NSW Central Coast or Illawarra areas. The SA2s in these electorates are classified as outer metropolitan for the purposes of this classification. Some SA2s are split across electorates which could result in multiple classifications.

Table A.3: Highest priority areas for ECH in outer metropolitan areas

Rank	SA2	State	Estimated population of 0-6 year old children in need
22	Wacol	Queensland	143
26	Elizabeth	South Australia	468
31	Port Kembla - Warrawong	New South Wales	162
34	The Entrance	New South Wales	104
40	Maddington - Orange Grove - Martin	Western Australia	216
42	Smithfield - Elizabeth North	South Australia	321
49	Calista	Western Australia	87
50	Elizabeth East	South Australia	291
51	Warwick Farm	New South Wales	187
54	Kurri Kurri - Abermain	New South Wales	209
55	Toukley - Norah Head	New South Wales	72
56	Lethbridge Park - Tregear	New South Wales	778
59	Berkeley - Lake Heights - Cringila	New South Wales	213
61	Cabramatta - Lansvale	New South Wales	361
63	Bidwill - Hebersham - Emerton	New South Wales	859
74	Fairfield - East	New South Wales	357
75	Salisbury North	South Australia	367
79	Rosemeadow - Glen Alpine	New South Wales	352
80	Pinjarra	Western Australia	71
81	Doonside - Woodcroft	New South Wales	346
90	Canley Vale - Canley Heights	New South Wales	347
91	Gosnells	Western Australia	404
92	Craigmore - Blakeview	South Australia	188
95	Fairfield	New South Wales	438
101	Beckenham - Kenwick - Langford	Western Australia	267
112	Casula	New South Wales	273
117	Claymore - Eagle Vale - Raby	New South Wales	375
119	Stratton - Jane Brook	Western Australia	74
121	Blacktown (North) - Marayong	New South Wales	233
125	Hassall Grove - Plumpton	New South Wales	172
131	Glendenning - Dean Park	New South Wales	83

Table A.4: Highest priority areas for ECH in inner metropolitan areas

Rank	SA2	State	Estimated population of 0-6 year old children in need
52	Fawkner	Victoria	246
65	Chester Hill - Sefton	New South Wales	407
68	Balga - Mirrabooka	Western Australia	497
85	Girrawheen	Western Australia	178
86	Berala	New South Wales	121
98	Regents Park	New South Wales	89
99	Bass Hill - Georges Hall	New South Wales	542
103	Alexander Heights - Koondoola	Western Australia	174
104	Auburn - Central	New South Wales	358
109	Bolton Point - Teralba	New South Wales	118
114	Cloverdale	Western Australia	133

Table A.5: Areas of early childhood disadvantage and childcare deserts excluded based on size of population in need

SA2	State
Eden	New South Wales
Oberon	New South Wales
Blayney	New South Wales
Cobar	New South Wales
Lemon Tree Passage - Tanilba Bay	New South Wales
Windang - Primbee	New South Wales
South West Rocks	New South Wales
Port Macquarie Surrounds	New South Wales
Evans Head	New South Wales
Casino Surrounds	New South Wales
Tumut Surrounds	New South Wales
Culburra Beach	New South Wales
Sussex Inlet - Berrara	New South Wales
Cecil Hills	New South Wales
Maryborough Surrounds	Victoria
Longford - Loch Sport	Victoria
Rosedale	Victoria
Mildura Surrounds	Victoria
Swan Hill Surrounds	Victoria

North Stradbroke Island	Queensland
Babinda	Queensland
Johnstone	Queensland
Kuranda	Queensland
Miles - Wandoan	Queensland
Tara	Queensland
Clifton - Greenmount	Queensland
Southern Downs - East	Queensland
Southern Downs - West	Queensland
Central Highlands - West	Queensland
Mount Morgan	Queensland
Kilcoy	Queensland
Charleville	Queensland
Burdekin	Queensland
Dalrymple	Queensland
Ingham Surrounds	Queensland
Magnetic Island	Queensland
Northern Beaches	Queensland
Kingaroy Surrounds - South	Queensland
Monto - Eidsvold	Queensland
Kilkivan	Queensland
Booral - River Heads	Queensland
Point Vernon	Queensland
Maryborough Surrounds - South	Queensland
Gilbert Valley	South Australia
Goyder	South Australia
Port Pirie Surrounds	South Australia
Moonta	South Australia
Yorke Peninsula - South	South Australia
Barmera	South Australia
Murray Bridge Surrounds	South Australia
Waroona	Western Australia
Kojonup	Western Australia
Plantagenet	Western Australia
Cunderdin	Western Australia
Dowerin	Western Australia

SA2	State
Toodyay	Western Australia
Brookton	Western Australia
Narrogin	Western Australia
Wagin	Western Australia
Morawa	Western Australia
Montrose - Rosetta	Tasmania
Central Highlands	Tasmania
Southern Midlands	Tasmania
Geeveston - Dover	Tasmania
Forestier - Tasman	Tasmania
Burnie - Wivenhoe	Tasmania
Sheffield - Railton	Tasmania
North West	Tasmania
West Coast (Tas.)	Tasmania
Weddell	Northern Territory
Ross	Northern Territory

Table A.6: Areas of greatest early childhood disadvantage that are not classified as childcare deserts

SA2	State	Regional classification
APY Lands	South Australia	Remote
Moulden	Northern Territory	Regional
Thamarrurr	Northern Territory	Remote
Morwell	Victoria	Remote
Meadow Heights	Victoria	Major City
Bourke - Brewarrina	New South Wales	Remote
Heatley	Queensland	Regional
Gray	Northern Territory	Regional
Berserker	Queensland	Regional
Beresfield - Hexham	New South Wales	Regional
Liverpool - West	New South Wales	Major City
Svensson Heights - Nor-ville	Queensland	Regional
Campbellfield - Coolaroo	Victoria	Major City
Broadmeadows	Victoria	Major City
Lurnea - Cartwright	New South Wales	Major City
Inala - Richlands	Queensland	Major City
Withers - Usher	Western Australia	Remote
Mackay	Queensland	Regional
Park Avenue	Queensland	Regional
Southern Moreton Bay Islands	Queensland	Major City
Dandenong - North	Victoria	Major City
Corio - Lovely Banks	Victoria	Regional
Wilsonton	Queensland	Regional
Leichhardt - One Mile	Queensland	Major City
Tamworth - West	New South Wales	Remote
East Devonport	Tasmania	Remote
West Gladstone	Queensland	Regional
California Gully - Eagle-hawk	Victoria	Regional
Condon - Rasmussen	Queensland	Regional
Cranbrook	Queensland	Regional
Lakes Creek	Queensland	Regional
Marsden	Queensland	Major City
Glenroy - East	Victoria	Major City
Melton	Victoria	Major City

SA2	State	Regional classification
Manoora	Queensland	Regional
Kingston (Qld)	Queensland	Major City
Carpentaria	Queensland	Remote
Norlane	Victoria	Regional
Dandenong - South	Victoria	Major City
Sunshine West	Victoria	Major City
Parmelia - Orelia	Western Australia	Major City
Woree	Queensland	Regional
The Parks	South Australia	Major City
Driver	Northern Territory	Regional
Wagaman	Northern Territory	Regional
Davoren Park	South Australia	Major City
Devonport	Tasmania	Remote
Campsie - South	New South Wales	Major City
Maryborough (Vic.)	Victoria	Regional
Roxburgh Park (South) - Somerton	Victoria	Major City
Bundaberg	Queensland	Regional
Craigieburn - Central	Victoria	Major City
Newtown (Qld)	Queensland	Regional
Smithfield - Wetherill Park	New South Wales	Major City
Parkhurst - Kawana	Queensland	Regional
St Albans - North	Victoria	Major City
College Grove - Carey Park	Western Australia	Remote
Rockhampton City	Queensland	Regional
Delahey	Victoria	Major City
Browns Plains	Queensland	Major City
White Rock	Queensland	Regional
Liverpool - East	New South Wales	Major City
Mooroopna	Victoria	Regional
Drayton - Harristown	Queensland	Regional
Kempsey	New South Wales	Regional
Christie Downs	South Australia	Major City
Berrimah	Northern Territory	Regional
Melbourne CBD - North	Victoria	Major City
Eagleby	Queensland	Major City

Logan Central	Queensland	Major City
Hallam	Victoria	Major City
Woodridge	Queensland	Major City
Springvale South	Victoria	Major City
Torquay - Scarness - Kawungan	Queensland	Regional
Kirwan - East	Queensland	Regional
Bankstown - South	New South Wales	Major City
Greenfield Park - Prairie-wood	New South Wales	Major City
Bundaberg North - Goo-burrum	Queensland	Regional
Noble Park - East	Victoria	Major City
Kingaroy Surrounds - North	Queensland	Regional
Gulliver - Currajong - Vincent	Queensland	Regional
Murray Bridge	South Australia	Remote
Newcomb - Moolap	Victoria	Regional
Casino	New South Wales	Regional
Warilla	New South Wales	Regional
Roxburgh Park - North	Victoria	Major City
Kowanyama - Pormpu-raaw	Queensland	Remote
Mount Druitt - Whalan	New South Wales	Major City
Guildford West - Merry-lands West	New South Wales	Major City
Paralowie	South Australia	Major City
Camillo - Champion Lakes	Western Australia	Major City
Greenacre - North	New South Wales	Major City
Seymour	Victoria	Remote
Kelso	Queensland	Regional
Fairfield	New South Wales	Major City
St Albans - South	Victoria	Major City
Gladstone	Queensland	Regional
Carlton	Victoria	Major City
Deception Bay	Queensland	Regional
Caboolture - South	Queensland	Regional

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