



Submission to the Senate Education and Employment References Committee

Inquiry into the quality and safety of Australia's early
childhood education and care system

October 2025



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Foreword

The Australian Childcare Alliance (ACA) welcomes this Senate Inquiry as a critical opportunity to continue to strengthen child safety and quality across Early Childhood Education and Care (ECEC) settings. Our submission draws on extensive member feedback and evidence provided in similar inquiries and reviews this year, including:

1. Federal: Changes to the Disability Standards for Education 2005, February 2025
2. New South Wales: Independent Review into the NSW Early Childhood Education and Care Regulatory Authority, February 2025
3. New South Wales: NSW Parliamentary inquiry into the ECEC in NSW, March 2025
4. New South Wales: NSW Parliamentary inquiry into the Children (Education and Care Services National Law Application) Amendment Bill 2025, September 2025
5. New South Wales: Improving access to Early Childhood Health and Development Checks, December 2023
6. Federal: Consultation to National Child Safety Review, June 2025
7. Victoria: Rapid Child Safety Review, July 2025
8. Queensland: Review of System Response to Child Sexual Abuse, Child Death Review Board, August 2025
9. Victoria: Inquiry into the Early Childhood Education and Care Sector in Victoria, September 2025.

We also draw upon the advocacy and detail in previous years' inquiries, including:

- The ACECQA Review of National Model Code and Guidelines, May 2024
- The Productivity Commission's 'A Path to Universal Early Childhood Education and Care' in September 2024
- The Australian Consumer Competition and Consumer Commission inquiry into Cheaper Childcare in late 2023.

For nearly a decade, including at the 2025 election, the ACA has advocated for a series of commitments that focus on equity, with a clear vision: a nation that protects its children protects its future.

The ACA's evidence-based insights were cited 28 times in the Productivity Commission's Draft Report. We endorse the reform directions proposed by the Productivity Commission emerging from these inquiries, which aim to create a more regulated, equitable and transparent ECEC system.

The recent abuse allegations have prompted a series of state and federal reviews, which have further exposed systemic failings in regulatory oversight and information-sharing practices.

These failures not only damage children and families but also undermine trust in the sector. The ECEC sector should have no room for providers or individuals who do not prioritise health, wellbeing, and child safety in their practice.

Our members provide safe, inclusive, and high-quality learning environments, with many already demonstrating leadership in child safety through comprehensive policies, regular staff training and strong codes of conduct. Many had already banned mobile phone use, smoking and vaping well before it was mandated to do so.

The ACA has been a driving force behind these safety reforms, having represented the lived experiences of ECEC providers for nearly three decades. Our member base of over 3,000 service providers, who

operate more than 4,500 early learning services across Australia, employs over 75,000 educators and cares for more than 360,000 families.

While this inquiry is rightly focused on protecting children from harm, it is equally important to recognise the broader role that many ECEC services already play in promoting universal child safety. This includes early detection of risk or harm, supporting early intervention and fostering overall health and wellbeing.

These everyday practices have a profound impact on children's health and safety. For many families, ECEC services serve as a trusted and accessible source of guidance and support. This support is particularly vital for families experiencing disadvantage, where early learning services become safe environments for those affected by domestic violence, while offering pathways to health care, housing, disability or other essential support.

The information our members share with their families provides invaluable feedback and insight, shaping the best outcomes for children through experience, while translating policy into practice. They often serve as a frontline for many parents and families, proving to be an essential health and safety touchpoint that needs recognition and resourcing.

Our sector has faced immense scrutiny over the last six to 12 months and is clearly fatigued by the continued negative discourse. The child safety issues have been damaging to the morale of the workforce and have compelled many smaller and medium operators to exit the sector. This negative discourse is creating a smaller, less dynamic ECEC landscape.

For reasons explored further in this submission, losing quality small and medium service providers means fewer operators in the sector – especially those with committed careers, dedicated to delivering high-quality ECEC, by providing exceptional, localised early years education.

The ACA urges that reforms rightly target the gaps in the system without unfairly disparaging an entire profession of dedicated, caring educators and providers.

The recent joint announcement by Education Ministers for further regulatory reforms, along with a Federal Government commitment of \$189 million to strengthen child safety, represents a coordinated action with the State and Territory Governments that will enhance safety and quality in ECEC settings.

There are no policies announced in the August safety reform package that the ACA has not already advocated for. We have encouraged action for many years, with the intention of creating a system where every child receives the very best start in life, and that includes a system where no child or family are ever faced with abuse allegations.

The ACA is proud to present this submission to the Senate Education and Employment References Committee as a reflection of the immense commitment and input from our member services. We urge the government to pause and reflect on the substantial advice already provided by the sector and the Productivity Commission, and to realise the significant benefits that will be achieved through the various government commitments to date.



Paul Mondo
President



Summary of Recommendations

We recommend:

1. Provide greater support for child health and safety through a fully funded, comprehensive inclusion program and offer more direct funding to resource the first-responder role that the ECEC workforce undertakes. Trial the 'System Navigator' role as recommended by the Productivity Commission to support families who face complex barriers to navigating and accessing ECEC and who would be otherwise unlikely to engage.
2. A nationally consistent approach to compliance and Assessment and Rating, to ensure a proactive approach to quality improvement, where providers are treated as genuine partners in creating safer systems for children.
3. A joint taskforce, comprising of the Fair Work Ombudsman, regulators and sector representatives to develop fair work guidance on managing allegations and balancing child safety obligations and a uniform framework for publishing breaches. The taskforce should also map, identify, and streamline the roles of overlapping regulators to reduce duplication, clarify responsibilities, and simplify compliance requirements for providers.
4. The full delivery of a comprehensive and interactive National Educator Register to support employment practices that build a child-safe culture; and Mandatory Child Safe training prior to employment to ensure that all staff, whether qualified or not, understand their responsibilities and obligations to create a culture of child safety.
5. Commitment to deliver sustainable funding for higher wages at the conclusion of the Worker Retention Payment in 2026.
6. For transparency, that publishing breaches (not notifications) should include context, with the extent of transparency extended to schools and other relevant institutions.
7. The implementation of the Productivity Commission's recommendation on flexible care options, extended/occasional care funding, and targeted supply-side funding and capital support.
8. Ensuring that any funding model supports a diversity of service delivery models which meets the needs of families across the country and prioritising community-led, place-based solutions for First Nations communities and thin markets.
9. Establishing a Market Stewardship that coordinates planning across all tiers of government to prevent oversupply and thin-market failures.

Our Response

1. The health and safety of children in childcare services across the country

Ensuring children's health and safety in all Early Childhood Education and Care (ECEC) settings is essential, and it is a cornerstone in the provision of quality.

We recognise, however, that not all services are equal in the way they prioritise health and safety. While the overwhelming majority of providers deliver safe, nurturing and developmentally enriching environments, the recent allegations remind us of the devastating consequences when these standards are not met, and where the systems we work within have failed us.

Such failures not only directly harm children and families but also erode confidence in the sector. There is no place in ECEC for providers or individuals who do not place health, wellbeing and child safety at the centre of their practice.

This is also true for government and regulatory bodies. The recent issues have unveiled systems and processes that have not successfully safeguarded children. The Federal and State Governments' swift response is indeed a path to prevent child abuse, and these commitments should see vast improvements in the structure and practice of ECEC child safe practices.

The Victorian Rapid Review received strong support for a national approach to child safe practices. It highlighted the need to close the gaps in jurisdictional systems and administrative loopholes that predators exploit. The Review suggested the establishment of a Shared Intelligence and Risk Assessment Capability to support broader social services, disability services, and aged care, offering the greatest protection to vulnerable Victorians. The ACA believes the Australian Government should establish a National Taskforce to ensure the safety of all vulnerable Australians.



While this inquiry seeks to better protect children from harm, ACA highlights the essential universal prevention, early intervention and health promotion activities that many ECEC services provide, bearing immense impact on child health and safety.

The overwhelming majority of Australia’s ECEC services serve as a safe and accessible place where families can receive guidance and support, especially to those facing disadvantages. Often acting as a community hub, they offer a safe space for individuals affected by domestic violence, financial vulnerability and psychological distress, helping them connect to health and parenting information, or housing or disability support.

“Services frequently become an integral and reliable touchpoint for families during times of stress or welfare crises. Well-connected educators and directors are often the first to notice when children are experiencing food insecurity, housing concerns, or domestic violence. We act as trusted intermediaries to health, welfare, and community support. This is protecting child health and safety at the highest level”.

National Committee Member, Victoria

These protective factors are inherent in quality ECEC, with many services integrating these wrap-around supports. This is evidenced in the National Quality Standards (NQS) ratings, specifically in the standard level ratings of collaborative partnerships and support relationships with families, which rate highest amongst Exceeding services. Safety (81%) and health (80%) are among the highest-rated standards for services meeting the NQS.¹

“The nature of this [type of work] is a social services function undertaken by educators and providers across the country. They understand their responsibility to support children holistically – and many do.”

National Committee Member, New South Wales

In many communities, educators are the first and most consistent professionals to notice and respond to health and safety risks, as well as to identify developmental delays. The ECEC sector is a frontline public health role that is not formally recognised or resourced.

The Productivity Commission’s Interim Report into the inquiry for Delivering Quality Care More Efficiently recognised the preventative benefits of the Early Years Education Program in Australia. The Productivity Commission demonstrates that preventative educational programs can deliver more value than their total cost (positive net benefits), can reduce the need for more costly acute and intensive services and supports, while achieving the same results (more cost-effective), and, in the best cases, can produce better outcomes while lowering costs (cost-saving)².

Acknowledging the role of ECEC is essential to understanding the true scope of health and safety support they provide. Services increasingly act as frontline health and wellbeing support

¹ Australian Children’s Education & Care Quality Authority. NQF Snapshot. Q1 2025, May 2025.

² Productivity Commission. Interim report – Delivering quality care more efficiently. August 2025.

for children and families, but without the formal mandate or sustainable resourcing required to fulfil the responsibility.

Recommendation

Provide greater support for child health and safety through a fully funded, comprehensive inclusion program and offer more direct funding to resource the first-responder role that the ECEC workforce undertakes. Trial the ‘System Navigator’ role as recommended by the Productivity Commission to support families who face complex barriers to navigating and accessing ECEC and who would be otherwise unlikely to engage.



2. The effectiveness of Australia's childcare regulatory system

Australia's ECEC regulatory system is a cooperative arrangement between the Commonwealth, State and Territory Governments, regulated under the National Quality Framework (NQF) as well as by State and Local Government obligations.

At the federal level, the NQF includes the National Law and Regulations, the National Quality Standard (NQS), and is supported by oversight bodies such as the Australian Children's Education and Care Quality Authority (ACECQA). This system has been in place for over a decade and is internationally recognised as a robust method that enhances quality.

At the state and territory level, each has its own regulatory authority body, which is responsible for approving ECEC providers, licensing services, monitoring compliance, and undertaking Assessments and Ratings against the NQS.

The ACA acknowledges the enormous task that these teams of regulatory staff undertake, often under challenging conditions. Notwithstanding, feedback from members and multiple inquiries suggests that some individuals undertaking these critical roles are undertrained and too frequently adopt a punitive rather than supportive approach.

The recent safety failures have highlighted gaps in the regulators' oversight. The regulatory system has not kept pace with the sector's growth, and insights from the Productivity Commission and the ACA have highlighted that regulators are under-resourced, with inconsistencies in the application of the regulations and have not appropriately applied their authority to act decisively in some cases.



The failings of regulators' performance and the broader systems have been recognised by Federal and State Ministers, as referenced in the Education Ministers' Meeting communique in August. The ACA welcomes the significant amendments to the regulatory environment, with increased capacity and financial investment dedicated to strengthening or renewing regulators. This includes, in all jurisdictions, regular Assessments and Ratings conducted every three years, with more frequent visits for services rated as 'Working Towards' in the NQS.

These efforts to enhance the efficiency of regulators nationwide are welcomed. The ideal is a regulator that is firm but fair: quick to act on wilful or dangerous non-compliance but also willing to guide and support services that are striving to meet requirements.

ACA members often highlight their experiences with their regulator, usually reporting contradictions in both compliance and Assessment and Rating outcomes. Their feedback suggests varied interpretations depend on the individual Authorised Officer. The Productivity Commission, in its Inquiry into ECEC, acknowledged that aspects of the regulatory system are inconsistent across jurisdictions, and these inconsistent practices impact the services' ability to operate within it, reducing trust and damaging the system.

Recommendation

A nationally consistent approach to compliance and Assessment and Rating, to ensure a proactive approach to quality improvement, where providers are treated as genuine partners in creating safer systems for children.

3. Providers' compliance with quality standards and workplace laws

Under the National Quality Framework, providers are expected to comply with a broad suite of requirements: the Education and Care Services National Law and Regulations, the National Quality Standard (NQS), workplace and industrial relations laws (Fair Work Act, modern awards), and other relevant legislation such as privacy, mandatory child protection reporting, and health and safety laws. In fact, depending on the jurisdiction, there are over 20 regulatory bodies each with their own suite of legislation and regulation, guidelines and best practice, that operators need to comply with.

The feedback from ACA members highlights this as a real-world challenge, involving the navigation of overlapping and sometimes contradictory regimes. A recurring concern is what happens when an allegation is made against an employee and their ability to act judiciously.

The Child Safety regulations require providers to take immediate protective steps to ensure that no child is placed at risk; however, the Fair Work Act and employment law also requires procedural fairness, privacy protections, and careful management of allegations to avoid prejudicing investigations.

This is an oxymoron for providers: they are faced with the option of acting quickly, risking an unfair dismissal claim or following industrial processes, with the risk of leaving a child in potential danger.

“If an allegation is made... there are conflicting instructions – can you investigate or not? Privacy or not? The Fair Work Act conflicts with the regulations we also have to work under.”

ACA Member

Providers face significant challenges when seeking to address situations where misconduct cannot be substantiated and the educator continues to fall short of the required professional standards. Despite internal processes of professional learning and intensive support, the process of ending employment in such cases is lengthy and complex. This creates a risk to both quality and safety, highlighting the need for clearer pathways and mechanisms to address persistent concerns.

Situations like the above, combined with current workplace laws, impact workplace culture. Delayed and unresolved concerns can negatively impact team morale and confidence. Delays in the investigative process place significant financial pressure on providers, who must maintain staffing ratios and service quality while managing investigative procedures.

To improve outcomes for children's safety, we recommend reviewing the disconnect between employment law and the necessary prioritisation of children's safety. The Victorian Rapid Review and the National Child Safety Review found that the current framework leaves providers caught between the requirements of employment law compliance and child safety obligations. Both called for more procedural fairness, definitions of misconduct, expanded regulatory powers to address inappropriate conduct, and stronger information-sharing practices.

The ACA has welcomed the commitment to more regular compliance visits at early learning services across the country as a key tool for identifying those who are intentionally operating in breach of the law. A strong system of compliance fosters better relationships between regulators and services, resulting in more frequent visits.

The nature of visits should be less about a punitive and one-sided review and more about a collaborative approach that enables opportunities for dialogue with a focus on improvement, particularly for services that consistently provide quality ECEC.

Providers report that regulators often adopt a strict liability approach – *“it happened, therefore it is a breach”* – without weighing whether the provider took reasonable steps under challenging circumstances. This undermines trust in the system and penalises services acting in good faith.

The ACA contends that the vast majority of approved providers are committed to full compliance and deliver exceptional services, and the proportion rated as ‘Working Towards’ has been decreasing steadily. This demonstrates widespread compliance and a culture of continuous improvement towards the quality standards.

The ACA’s position is not that ECEC should face less compliance, but that it should be applied consistently, equitably, and with systems that work together. We also advocate for parity in quality standards and workplace laws, as well as safeguarding expectations across child-related sectors.

Recommendation

A joint taskforce, comprising of the Fair Work Ombudsman, regulators and sector representatives to develop fair work guidance on managing allegations and balancing child safety obligations and a uniform framework for publishing breaches. The taskforce should also map, identify, and streamline the roles of overlapping regulators to reduce duplication, clarify responsibilities, and simplify compliance requirements for providers.

4. The impact of childcare providers' employment practices on quality and safety

Employment practices have a direct impact on the safety and quality of ECEC services. The methods used to recruit, train, support, and retain staff have a significant impact on children's daily experiences.

ACA members have consistently reported that they lack access to adequate information to assess whether prospective employees are fit and proper for their potential new role.

Their employment decisions are limited to being based on:

- Resumes and self-reported information;
- Reference and employment checks constrained by privacy or legislative barrier; and
- Assumptions that Working with Children Checks (WWCC) mitigate unsafe workers.

The ACA strongly advocated for the creation of the National Educator Register as a mechanism to address this critical issue. If implemented to its full potential, the register should provide employers with real-time verification of qualifications, WWCC status, and any record of misconduct or disciplinary action. Current discussions include options that involve a 'one-way' flow of information – i.e., only from employers to government. This does nothing to empower employers to make wise recruiting decisions.

In June 2025, we submitted a briefing paper to the Australian Government (please refer to *Appendix A*) to outline the necessary steps to achieve safer employment practices. This approach aims to ensure that unsuitable individuals cannot move between providers undetected. Information that is inconsistent, outdated, or that exacerbates existing knowledge gaps will not lead to any improvement in safety outcomes for children.

Employment practices and workforce shortages have been exacerbated since the COVID-19 pandemic, and the sector is only just beginning to feel some relief as a result of the state and federal government efforts to attract, qualify, and retain ECEC staff.

There is a persistent perception that ECEC is highly casualised. However, data suggests that most staff are employed on a permanent full-time or permanent part-time basis in Centre-Based daycare. Casualisation is more pronounced in Outside School Hours Care³.

This is a necessary correction, as overstating casualisation, which is less than 15% in Centre-Based daycare³, risks undermining public trust and misdirecting policy. What matters most is the safety culture, the quality of training, and the support provided to staff in all roles.

The ACA also supports the implementation of nationally consistent child safe training before employment for all staff. The Australian Centre for Child Safety has been tasked with developing a program targeting all educators, support staff, administration, leadership, management, and ownership. The initial scope of this project seems to be comprehensive and, if implemented effectively, will significantly change the culture of child safety in the sector.

³ 2024 National Early Education and Care Workforce Census.

High-quality centres demonstrate that investing in robust recruitment, induction, and training practices pays dividends in both safety outcomes and staff retention.

Recommendation

The full delivery of a comprehensive and interactive National Educator Register to support employment practices that build a child-safe culture; and mandatory child safe training prior to employment to ensure that all staff, whether qualified or not, understand their responsibilities and obligations to create a culture of child safety.

5. The role of worker compensation and pay

The ACA has been a strong advocate for higher wages for educators and welcomed the Government’s commitment to increase staff remuneration temporarily via the worker retention payment. This commitment was an essential first step in stabilising the ECEC workforce after years of workforce crisis.

A stable workforce is central to the quality and safety of children’s experiences. Member feedback indicates that services that invest more in their workforce, with lower turnover and longer tenure, tend to perform better and experience fewer compliance issues.

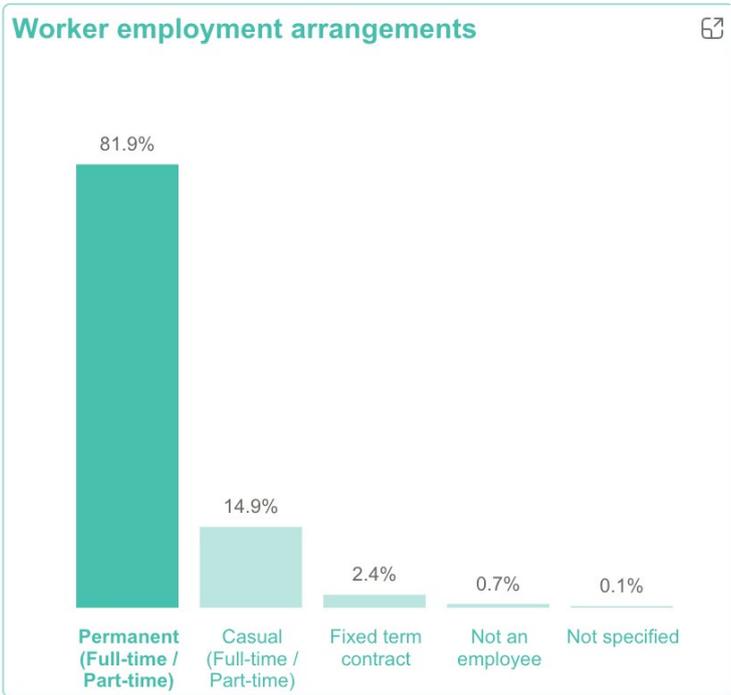
Stable and consistent staff strengthen continuity of care, deepen relationships with children, and enhance monitoring of child wellbeing and safety. Across the ECEC workforce, 44.9% of paid contact staff were remunerated at the award rate for their role, while 42.1% received above the award rate. Staff at Centre-Based Long Daycare services were the most likely to be paid above the award rate, at 50.4%⁴.

This is clear evidence that many providers in the sector already heavily invest in their workforce.

This investment in human resources is therefore not just a business choice, but a crucial measure for child safety, as they are better equipped to identify risks, address concerns, and maintain safe environments.

The latest ECEC National Workforce Census, as reported in the dashboard, illustrates that nationally, Centre-Based Long Daycare employed 81.9% of the workforce permanently, with this being the highest proportion of employment arrangements.

In comparison, casual employment is highest in vocational education and outside-school-hours care at 61.8%⁵.



Nationally, the majority of workers (68.8%) were employed permanently, while 25.5% were in casual roles.

Service types with the highest proportions of Permanent (full-time/part-time) employees were CBDC services (81.9%) and Preschool services (74.1%).

Service type with the highest proportions of Casual employees (full-time / part-time) were VAC services (64.4%) and OSHC services (59.5%).

^{3 4 5}Australian Government. Early Childhood Education and Care, National Workforce Census, 2024 National Report.

While services recognise the link between pay and quality, their capacity to raise wages is limited. Occupancy rates strongly influence financial viability, and centres with consistently high enrolments can lift pay. At the same time, services in thin markets or in areas of market saturation do not have the same discretionary funds to do so.

Section 10 of this submission highlights market saturation and its impact on occupancy rates and service viability. Oversupply is driving down enrolments, destabilising existing services, and potentially undermining quality. These issues have a severe effect on worker compensation and pay.

Without government support, increasing wages will lead to higher fees for families, thereby ultimately reducing affordability. With the Fair Work Commission's impending final decision in the gender undervaluation – priority awards review, the Children's Services Award will increase significantly in the years ahead. Whilst the outcomes of these proceedings are welcomed, it is critical to consider how the changes to the award will be funded at the conclusion of the worker retention grant. Unfunded, these changes will have a significant impact on out-of-pocket costs for families.

Recommendation

Commitment to deliver sustainable funding for higher wages at the conclusion of the Worker Retention Payment in 2026.

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6. The role of private for-profit incentives

The ECEC sector is a mixed market, comprising private for-profit providers, not-for-profits, local governments, and schools. Each plays a role in ensuring diversity, accessibility, and choice for families.

The public discourse often oversimplifies the broad diversity that exists within the sector. This includes the type of private, for-profit provision. Historically, the majority of private for-profit ECEC services were set up and run by individuals and families long before the emergence of equity groups and corporate consolidation. A large proportion of these providers still exist and deliver quality ECEC, not just as a business, but as a profession.

The NQF Snapshot Q1 2025, published by ACECQA, reveals that 79% of approved providers operate a single service, while 1% operate 25 or more services.

The ACA predominantly represents small to medium-sized, family-owned businesses that are deeply embedded in their local communities. Their reputation relies on community trust, and their sustainability depends on consistently providing safe, high-quality ECEC.

There is a frequent misunderstanding about what profit means in the ECEC sector, and for-profit providers have become dangerously homogenised, not representing the financial realities of the smaller privately owned centres.

According to the Australian Competition and Consumer Commission's Childcare (ACCC) Inquiry Final Report⁷, large providers of centre-based childcare had a higher average profit margin at the service level compared to medium and small providers, who also incurred higher average costs. The ACCC continue to illustrate that the bottom 25% of childcare companies had profit margins of less than 1%, which is unsustainable for an ongoing business⁶.

As the Productivity Commission observed, competitive pressure motivates providers to enhance their offerings to families⁷. Services that do not provide safe, high-quality education quickly lose enrolments, threatening their viability. In this way, the market establishes a natural accountability mechanism that makes quality a critical factor in financial sustainability.

There is a wave of smaller ECEC owner-operators leaving the market. Experts say the departure reflects the growing unease among operators, who are unsettled by bad press and daily challenges in terms of finance and administration⁸. These daily challenges are real and experienced firsthand by our members.

The negative discourse and tough operating conditions, including oversupply in many areas, are creating a less diverse market of services, along with the misconception of profit incentives.

⁶ ACCC. Childcare inquiry. Final Report, December 2023

⁷ Productivity Commission. A Path to universal early childhood education and care. Inquiry report. September 2024.

⁸ Childcare industry: Mass exodus as centres flood property market. Lydia Kellner. Published: Realcommercial.com.au

Sector-based benchmarking and provider experience suggest that many services view occupancy at 70-80% as a minimum threshold for financial viability. The high fixed costs, particularly property and rent, mean that without a reasonable utilisation rate, services quickly become unviable. This reduces the discretionary capacity that drives quality, such as staff development, enhanced resources and infrastructure.

The most critical determinant of long-term success in ECEC is the consistent delivery of high-quality ECEC. Quality attracts families, sustains occupancy and creates meaningful value and contribution to the community.

Establishing a new ECEC service requires considerable upfront capital, and it is both reasonable and necessary to acknowledge that the upfront investment requires some level of sustainable return. As the ACCC highlighted in its 2023 Childcare Inquiry, most for-profit providers operate on modest margins (typically 5–15%, with many near break-even), underscoring the importance of balanced occupancy and market stewardship in ensuring services can cover costs while maintaining quality.

While not a recommendation, we seek a greater understanding and differentiation between the for-profit market and the long-standing distinction between owner-operated businesses and corporate equity-backed providers, as well as the local community benefits that the former offers.

7. Transparency within the system

Transparency is a cornerstone of building public confidence in ECEC. Families must have access to meaningful and accurate information to make informed choices.

The ACA appreciates the government's intent to improve transparency through Starting Blocks and applauds the government's decision to implement the National Educator Register.

For the National Educator Register to be effective, it requires the necessary depth of information to make it a valuable tool. We acknowledge our role in collaborating with ACECQA to implement this body of work fully. The Register provides providers with the most transparent and accurate information available when employing staff, serving as a deterrent to those who enter the sector with the wrong intentions.

We acknowledge that the transparency in the system must be two-way. Families deserve access to clear, meaningful information to make informed choices, and the information they receive is derived from the regulatory processes.

As we have highlighted earlier, the regulatory processes for collecting information are inconsistent, which impacts the intent of the Assessment and Rating and compliance processes. As a result, the current mechanism we are relying on to provide families with transparency is inherently flawed. Families and even regulators are not comparing similar results, and for a system to be fully transparent and helpful, this needs to be addressed.

With each state and territory having its own legislation and regulations, as well as its own interpretation, this leads to variations in how breach notices are defined, processed, and what constitutes a reportable breach.

There must be a concerted effort to ensure consistency in these processes, and educational campaigns are needed across government, the sector, and to families, to better present and understand the details of compliance breaches.

Members emphasise that transparency alone is not enough unless families comprehend what the information means. A published breach or notification can be very impactful if parents do not understand how to interpret it.

“Parents need to be better informed about what a breach is, what a notification is. And there needs to be greater understanding – for everyone’s sake.”

ACA Member, Queensland

The sector is required under the National Law to report a range of “serious incidents” to the regulatory authority. Importantly, many of these incidents do not constitute a breach of the law or failure in their duty of care.

“If a child experiences a febrile convulsion and requires an ambulance, the service is obliged to notify the regulator. While this is a correct and safe procedure, it does not indicate non-compliance.”

National ACA Member, Victoria

Without a clear context, however, public reporting of such notifications risks causing unnecessary alarm to families and misrepresenting a service.

Transparency should align with the legal framework, and misrepresenting services publicly impacts their occupancy rates, which in turn influence workforce stability and threaten the service’s viability. If the transparency aims to guide families towards high-quality, compliant services, then this information should better reflect the outcomes for children rather than the current proposal.

The ACA also notes that many notifications are evidence of good practice. It illustrates that services are diligently reporting and managing incidents. A breach, by contrast, indicates regulatory non-compliance and publishing both without context risks falsifying events and dispiriting the sector and confusing families.

Our members also note that transparency measures should reflect the context of the service. For example, services that support a higher proportion of children with additional needs may naturally record more incidents or receive more notifications. Without context, such services could appear riskier when, in fact, they are doing critical inclusion work.

“[They need to] look at the makeup of the children attending. Identifying the children with additional needs and age-related incidents is so important. We need to tell the whole story.”

ACA Member, Western Australia

Transparency should not only inform parents but also act as a learning tool for the sector. Our members have also illustrated a desire to access aggregated, de-identified data across the system to help them recognise patterns, compare practices, and foster improvement.

We also note that if early learning services are required to display compliance information publicly, then applying transparency measures in ECEC could be beneficial to schools and other institutions. This ensures that there are no weaker regulatory links where offenders might gravitate, promoting uniformity in publishing compliance actions across all educational settings.

Recommendation

For transparency, that publishing breaches (not notifications) should include context, with the extent of transparency extended to schools and other relevant institutions.

8. Suitability and flexibility of funding

The Australian Government's recent commitments to a universal three-day guarantee of subsidised early learning and the removal of the Activity Test mark a significant expansion of funding flexibility and access to ECEC.

The Guarantee and removal of the Activity Test were highlighted in the Productivity Commission's Inquiry⁹ as a structural issue within the current funding model, and its limitation on flexibility.

The removal of the Activity Test addresses longstanding concerns that it excluded the most vulnerable children, who often benefit the most from high-quality early learning.

The 3 Day Guarantee will benefit all families through certainty around eligibility for subsidised ECEC, and in its first full financial year, is expected to benefit around 66,700 families. Additionally, more than 100,000 families will be eligible for extra hours of subsidised care under the 3 Day Guarantee.

Families earning over \$533,280 in 2024-25 are not eligible for subsidised care consistent with current settings and recommendations from the Productivity Commission.

The universal guarantee must be supported by targeted investment in inclusion support.

The current Inclusion Support Program (ISP) does not provide a sufficient level of suitability or funding to families. ISP was established to support children with additional needs, and the demand for inclusion support has increased significantly, now counting over 23,000 children across the country. The ISP has remained unchanged, with inadequate funding, since its introduction in 2016, and it has fundamental administrative and guideline issues.

We have been advocating for and sharing the perspectives of our members and their families on ISP for many years. Providers say applications take too long to process, the funding doesn't match the families' use of ECEC, and it leaves services to self-fund additional educators at a cost of approximately \$22,000 annually.

The underfunding of ISP is also a significant contributor to workforce stress and burnout. Reviews by the Productivity Commission and the Government have identified inadequacies and have provided sound and reasonable recommendations; however, changes have not been implemented.

“Underfunding such an essential element of care compromises both child safety and workforce wellbeing, as educators are left to manage without sufficient support.”

ACA Member, Victoria

The Productivity Commission recognised that demand-side subsidies alone, like the Child Care Subsidy, are not enough to guarantee all families access to suitable ECEC, especially in thin

⁹ Productivity Commission. A Path to Universal Early Childhood Education and Care. September 2024.

markets, rural and remote areas, or for children with additional needs. To tackle this, the inquiry suggested a stronger focus on supply-side funding and capital support in those thin markets.

This involves targeted government investments in wages and workforce subsidies to maintain staffing levels, along with capital grants to support the establishment and expansion of regulated services where the private market is unlikely to provide them. We recognise that the Building Early Education Fund will be responsible for delivering these initiatives.

By diversifying the funding base, the Commission suggests that governments can guarantee the viability and ongoing delivery of regulated services in underserved communities, minimise the risks of market failure, and offer more certainty for providers to plan, invest, and adjust to local demand over time.

Current funding models do not adequately support families with shift work, irregular schedules, or part-time jobs, often leaving them without sufficient support. The Productivity Commission recommended that subsidies be expanded and streamlined to ensure these types of care are treated fairly within the system, making them affordable and accessible.

This change would not only provide families with greater choice and flexibility but also better align funding with the realities of modern work patterns and community needs, thereby encouraging workforce participation and enhancing inclusion for children who might otherwise be left out.

Recommendation

Implementation of the Productivity Commission's recommendation on flexible care options, extended/occasional care funding, and targeted supply-side funding and capital support.

9. Choice of care options for families

Australia's ECEC system offers a diverse range of care options for families. Including centre-based day care provided by a cross-section of providers, such as Centre-Based Long Daycare, Preschools and Kindergartens, family day care (FDC), and in-home care.

Within this diversity, parents can choose from services that offer varying teaching approaches and differentiated pedagogies. The pedagogical diversity of ECEC encompasses play-based and child-centred learning, Montessori methods, the Reggio Emilia approach, Waldorf (Steiner) education, Bush Kindy and others, and is delivered by various providers.

The ACA supports parental choice and recognises the growing discussion about extending subsidies to nannies or in-home carers. The ACA supports any element of care that provides families with the services they need but emphasises that any funding for these models must be tied to the same guidelines that deliver the best health, safety, and educational outcomes applicable to the sector.

“I support parental choice, but we cannot forget the inherent benefits that participation in formalised ECEC has on a child. Australia offers world-leading early learning programs. The very nature of our work is to provide an enriching environment, so the child has the best start in life.”

ACA Member, Queensland.

If the government were to consider alternative care options, its funding guidelines would need to include minimum qualification requirements, Working with Children Checks, adherence to child safety standards, and oversight by an approved service provider to ensure quality and consistency, where relevant in the NQF.

Consumer choice and empowerment are the starting points when designing human service delivery. The decision-making process empowers parents, granting them increased control over their lives through informed choice.

If there is a goal to create a supply-side market, with the implementation of a flat fee model, then there will be little (if any) role for direct competition between ECEC providers. Proportionate competition is a driver of quality. If all families get the same service, then service providers cannot differentiate themselves based on service, price, quality, or variety.¹⁰ This type of funding model would not deliver a dynamic, diverse ECEC market and would reduce inherent quality.

There has also been a critical national policy discussion about embedding people-centric, community-led, place-based solutions and prioritising First Nation self-determination in a broader early year's framework.

¹⁰ Productivity Commission. Competitive care: Why, when and how competition. August 2025.

The Government's Building Early Education Fund should prioritise this type of community-based structure in ECEC delivery and focus on thin markets, as intended.

The ACA recognises that the inherent benefits of co-designing with Aboriginal Community Controlled Organisations and recommends this as essential in delivering community-led, place-based solutions for First Nations and for service provision in thin markets. A community-focused lens must be central in designing and establishing any additional choice and care options for families.

Recommendation

Ensuring that any funding model supports a diversity of service delivery models which meets the needs of families across the country and prioritises community-led, place-based solutions for First Nations communities and thin markets.

Any related matters

10. Market Dynamics

ECEC providers navigate a highly complex policy environment shaped by the interaction of the Australian Government, state/territory, and local governments. Each tier plays a distinct role, but the lack of alignment has real consequences for supply, demand, and viability.

The Commonwealth Government:

- Provides the majority of funding through the Child Care Subsidy.
- Oversees workforce policy and major national programs (Inclusion Support, Preschool Reform Agreement, workforce initiatives).
- Influences workforce participation through the Worker Retention Grant, which applies fee growth cap thresholds.
- Sets national priorities.

The State and Territory Governments:

- Act as regulators under the National Quality Framework.
- Approve providers and services, conduct compliance and assessment activities.
- Deliver universal preschool/kindergarten programs and workforce training subsidies.
- Influence quality standards.

Local Governments:

- Hold significant influence over the supply and demand of services through:
 - Planning approvals and development consents, which determine where new centres can open.
 - Leasing or providing premises that alter the cost base for some providers.
 - Providing kindergarten or long-day care services, in some jurisdictions.

While intended to meet community needs, these actions can create supply imbalances, especially when city planning allows multiple new centres to open in areas already well-served. It also enables ‘thin markets’ to develop, where the cost of establishing a new centre isn't financially viable (whether for-profit or not-for-profit), and as a result, children and families miss out on the best start in life.

This significantly impacts occupancy rates and service viability, as oversupply reduces enrolments, destabilises existing services, and may compromise quality. Better coordination is required to prevent localised oversupply while ensuring underserved communities, especially those in regional, remote, and disadvantaged areas, are not overlooked.

Recommendation

Establishing a Market Stewardship that coordinates planning across all tiers of government to prevent oversupply and thin-market failures.

Appendix A

Briefing Paper

July 2025



SAFEGUARDING THE EARLY LEARNING SECTOR: Our Urgent Call for a National Educator Register

The Australian Childcare Alliance is calling on the Australian Government to immediately develop an Early Childhood Education and Care (ECEC) National Educator Register.

A national register would create a single source of truth, allowing authorised organisations and employers nationwide to access critical background information about any early childhood education and care educator. The ultimate goal is to enhance child safety and workforce integrity by ensuring that no individual with disqualifying behaviours is permitted to work in the sector.

The register is an online platform that maintains comprehensive records on all individuals working in early childhood education and care across Australia.

The National Educator Register will:

- Verify work history, validated by employers across all states and territories.
- Show a live feed of Working with Children Checks and any changes in status.
- Integrate with the Unique Student Identifier (USI) system to ensure all qualifications are verified, current, and free from fraud.
- Display the outcomes of previous investigations and reportable conduct, with clear definitions.
- Show current investigations, categorised by risk type and status, to support safe hiring decisions.

What the Australian Government needs to achieve this

Australia has established comparable systems in other sectors. For example, the Australian Health Practitioner Regulation Agency (AHPRA) maintains a comprehensive national register of health practitioners, detailing whether they are licensed to practice, their qualifications, any work restrictions, and disciplinary history.

Like early childhood educators, health practitioners work in a sector where safety, professional qualifications, and conduct are critical to public trust.

To establish the National Educator Register, the Australian Government would need:

- Intergovernmental agreement through the Education Ministers Meeting and the National Cabinet.
- Legislative changes at both the federal and state levels are necessary to facilitate data sharing, require registration, and safeguard privacy.
- Strong governance, potentially led by ACECQA and connecting with existing infrastructure to expedite the National Educator Register.
- Secure, real-time data integrations with WWCC agencies, qualification authorities, and regulatory bodies.



This document was produced by the Australian Childcare Alliance. We are the national peak body that represents, advocates, informs and promotes high-quality early learning services throughout Australia. Our mission is to ensure every child in Australia has access to high-quality, affordable, and sustainable early learning services.

We have over 3,000 service provider members representing over 4,500 early learning services, employing over 75,000 educators and caring for more than 360,000 families throughout Australia.

www.childcarealliance.org.au



Let's give our children the best start in life.

