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Committee Secretary
Education and Employment References Committee
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600
AUSTRALIA

Lodged [via the website](#) and via email: eec.sen@aph.gov.au, seniorclerk.committees.sen@aph.gov.au

Dear Sir/Madam,

Submission to the Quality and Safety of Australia's Early Childhood Education and Care System

Affinity Education Group (Affinity) welcomes the opportunity to provide this submission to the Education and Employment References Committee's inquiry into the Quality and Safety of Australia's Early Childhood Education and Care (ECEC) System.

Affinity is proudly one of Australia's largest and experienced childcare providers with 250 centres nationwide and more than 6,000 dedicated employees providing quality care to 22,000 children.

Affinity was founded in 2013 with a mission to inspire and nurture individuals to reach their full potential. We saw the need for high-quality, child-centred early education that not only fosters children's growth but also supports the professional development of our team. With this vision, we created an inclusive, supportive community where children, educators and supporting staff thrive. We now have approximately 250 early learning centres around Australia.

From our Lifelong Learning Curriculum to our award-winning Affinity Learning Academy, we remain committed to providing enriching learning environments that empower children, educators and Centre Support Office staff alike to grow, achieve, and succeed.

We believe this Inquiry can be an opportunity to achieve meaningful change; Affinity supports genuine, evidence-based reform across the sector that delivers higher quality and more consistent early learning and care outcomes for children and improves standards and conditions for employees.

Continued private investment in the sector will be crucial to achieving such reform and delivering accessible, high-quality early learning to young children, especially in rural and regional areas where childcare accessibility is already limited.

ABN: 37 163 864 195

We acknowledge that our sector has been challenged in recent times by instances and allegations of abuse that have shocked the Australian community and caused concern and distress among families and educators. We share this distress, and in response have focused significant efforts and investments on further improving the safety and quality of our services.

For this reason, we believe it is vital that any proposed reforms recognise and support private sector contributions to the provision of childcare. They must also benefit the whole sector by raising standards to ensure the delivery of higher-quality and more consistent early learning and care outcomes for children, without prejudicing private operators only.

Affinity looks forward to assisting the Committee with this important Inquiry and believes our experience in providing quality early childhood education can meaningfully inform future government reforms. We note the Albanese Government's laudable ambition to deliver universal childcare in Australia and look forward to supporting the delivery of this vision. Should the Committee have any questions about this submission, please contact enquiries@affinityeducation.com.au or 07 3513 7700.

Yours sincerely,

Tim Hickey

Chief Executive Officer

RESPONSE TO TERMS OF REFERENCE

TERM OF REFERENCE A: The health and safety of children in childcare services across the country

Ensuring the provision of safe, high-quality care must be the foremost priority for all ECEC providers across Australia.

Affinity believes that one of the most effective means of safeguarding the health, safety, and wellbeing of children is through the recruitment and retention of a highly skilled and committed workforce, supported by robust policies and procedures that demonstrate genuine commitment to, and compliance with, regulatory standards.

To this end, Affinity has invested considerable time, resources, and more than \$70 million over the past three years to enhance compliance, safety and the overall quality of care.

Affinity recognises that continuous improvement is essential. We remain firmly committed to ongoing investment in our services and to working collaboratively with regulators to elevate standards across the sector. At the same time, we continue to advocate for evidence-based regulatory settings that support, in a focused and meaningful way, the delivery of consistently high-quality early childhood education and care.

Nationally Consistent Working with Children Checks

Currently, Working with Children Checks (WWCC) are issued on a state basis and identify individuals that have been convicted of criminal offences only. Affinity welcomes Attorney-General Michelle Rowland's recent commitment to working with the states and territories to deliver a national approach to closing loopholes that allow potential child abusers to work across jurisdictions and progressing measures that will provide continuous monitoring of changes to the criminal history information of WWCC holders. Affinity believes these measures are an important first step to reform the WWCC system.

Implementing a national WWCC across all states and territories for people seeking to work in early childhood education, and identifying any reportable conduct along with criminal convictions, would help enhance these new measures as well as existing child safety protections.

Professional Development

To address this systemic challenge, Affinity recommends that the Federal Government take a national leadership and coordination role in ensuring that regulatory authorities in each state and territory take a more active role in supporting sector capability by developing and delivering a structured suite of professional development programs. These programs should be responsive to specific compliance issues identified at individual services, enabling a more targeted and effective approach to quality improvement.

While we recognise the current availability of online resources provided by state and territory regulatory authorities, there is significant opportunity to strengthen this offering through the inclusion of face-to-face workshops, targeted training modules and in-situ coaching. A more comprehensive and differentiated model of professional learning would help to build provider capability, support ongoing compliance and ultimately contribute to improved quality outcomes for children across the sector.

Affinity Recommendations:

Affinity recommends the following evidence-based measures to strengthen compliance, quality improvement and sector capability across the ECEC sector:

1: Implement a National Working with Children Check and National Offenders Register

To prevent individuals with serious misconduct histories from moving between services or states undetected, the Federal Government should:

- Apply rules across all states and territories for people seeking to work in early childhood education:
- Identify any reportable conduct, not only criminal convictions

2: Mandate targeted professional development linked to assessment outcomes

The Federal Government should mandate the completion of targeted professional development directly aligned to the areas where services are working towards the National Quality Standard (NQS). The Government should also:

- **Create a national suite of short courses** that map directly to specific elements of the NQS. This should include critical reflection, governance and educational practice.
- **Require course completion as part of assessment and ratings processes**, requiring services to demonstrate targeted improvement in preparation for reassessment.

3: Build sector-wide capability through accessible and responsive training

To support long-term sector capability, the Federal Government should fund a scalable and inclusive suite of professional learning programs aligned to common compliance challenges and emerging issues. Specifically, this should include:

- **A centralised national library of quality improvement resources**, updated regularly to reflect sector trends and regulatory focus areas.
- **Professional learning through multiple channels** – including digital platforms, face-to-face sessions and on-site delivery to maximise reach and impact.
- **Content that is practical, relevant and tailored to service types and provider scale**, with specific support for smaller operators and those with limited existing infrastructure.

TERM OF REFERENCE B: The effectiveness of Australia's childcare regulatory system, including the performance and resourcing of state and territory regulators and ACECQA, in maintaining and improving quality

Affinity maintains a constructive and collaborative relationship with state and territory regulatory authorities to ensure our services meet or exceed all regulatory obligations and deliver high-quality outcomes for children and families. We recognise the critical role the regulators play in regulating, monitoring and supporting ECEC services across Australia and value the opportunity for ongoing engagement.

Our interactions with regulators are aimed at fostering transparency, accountability and a shared commitment to enhancing standards across our network of services.

We also recognise the important national leadership and central coordination role played by ACECQA, and make a number of recommendations where the relevant elements comprising the National Quality Framework (National Law, Regulations and Standards) should be amended to ensure consistency of improvements across all jurisdictions.

Affinity supports the Federal Government's commitment to strengthening child safety in the ECEC sector, including via new measures introduced under the *Early Childhood Education and Care (Strengthening*

Regulation of Early Education and Care Services) Act. We welcome efforts to improve consistency across providers, and support reforms that enhance trust in the system and protect the wellbeing of children.

Over the medium term, to enable consistent application of regulations across the ECEC sector and lay the groundwork for the implementation of a Universal Childcare policy, the Federal Government should commence a coordinated, multi-jurisdictional effort to establish an Independent National Regulator.

This will involve legislative reform, institutional restructuring, and extensive stakeholder and industry engagement, but Affinity believes it will have the broad support of the sector and the wider community.

Whilst we appreciate it may add further complexity to the reform process, Affinity believes that if this initiative is supported, then all compliance and enforcement responsibilities should become the sole responsibility of the Federal Government.

Current Challenges in Regulatory Monitoring and Assessment

Extended Intervals Between Assessments Create Unacceptable Risks

Affinity believes there is a clear need for more consistent and frequent assessment and monitoring of ECEC services across Australia by state and territory regulatory authorities. At present, some services are experiencing intervals of four to five years or longer between Assessment and Rating visits. Such extended periods between assessments significantly increase the risk that instances of:

- Improved compliance in the interim period that warrants a revised rating is delayed to the detriment of the Approved Provider, the morale of its staff and the trust of the parents and guardians; and
- Non-compliance may go undetected, thereby placing undue reliance on services to self-report regulatory breaches.

A more consistent approach to monitoring would help ensure equity across the sector. Infrequent visits to some services may inadvertently lead to an incomplete picture of compliance performance, as non-compliances may go undetected for longer periods. This approach can affect the accuracy of sector-wide compliance data and may not fully reflect the true quality and performance of all services across the state.

Such variability in monitoring frequency can create the perception of a two-tiered system of oversight, where some providers are subject to regular scrutiny while others are not, potentially undermining public confidence in the fairness and effectiveness of the regulatory framework.

Inconsistency in Regulatory Application and Interpretation

Affinity has observed variability in the experience and approach of individual Authorised Officers across jurisdictions. This inconsistency can result in different regulatory outcomes which not only create confusion for providers but may also affect the equitable application of the law.

For example, there can be differences in how reportable complaints and reportable allegations are interpreted. Guidance received in practice in NSW has required all allegations - regardless of context or substantiation - to be treated as complaints and reported accordingly, which may not align with the intent of the legislative framework which distinguishes between categories of reportable matters.

During visits by the NSW Regulatory Authority, particularly through the assessment and rating process, it is common for minor regulatory breaches to be identified. For instance, NSW Regulation 103, which pertains to cleanliness and safety of premises, furniture, and equipment, is frequently cited for issues such as fingermarks

on windows or sand in door tracks. While these are minor matters, they are nonetheless technical breaches under the law.

Closer alignment between legislative provisions and regulatory interpretations would assist providers in meeting their obligations with greater clarity and consistency, including by allowing providers time to properly investigate allegations. Such alignment would also ensure reporting processes remain focused, proportionate and effective in safeguarding children while minimising unnecessary administrative burden.

Delays in Regulatory Decision-Making Undermine System Effectiveness

Timely decision making by Regulatory Authorities is essential to the integrity and effectiveness of regulatory frameworks. Delays in resolving regulatory matters can undermine provider confidence and limit the ability of services to take prompt action. Ensuring that regulatory decisions are issued within reasonable and statutory timeframes supports transparency, fosters trust and enables services to respond effectively to compliance requirements.

The Need for Enhanced Resourcing and Systematic Reform

The Federal Government should set a national benchmark for the regularity of monitoring assessments that apply across all jurisdictions.

To support meeting these new standards Affinity considers that state and territory resourcing of Departments of Education will likely need to be boosted to enhance the compliance and reporting functions, particularly in their roles as Regulatory Authorities for the ECEC sector. Improved resourcing would strengthen each Department's ability to administer the National Quality Standard, support more consistent and timely monitoring and reduce the intervals between assessments.

A proactive approach, such as implementing annual visits to every ECEC service, would provide a regular and more consistent 'pulse check' of performance across both private and not-for-profit providers. This would aid early identification of emerging issues and promote the uniform application of regulatory expectations. More proactive and transparent notification of compliance matters will enable providers to respond promptly, implement necessary improvements, and maintain the highest standards of quality and safety for children and families. By ensuring that all relevant information is shared, Regulatory Authorities can support a culture of continuous improvement and partnership across the sector, ultimately strengthening outcomes for children and building greater confidence in the regulatory system.

Financial Viability and Governance Oversight

A critical gap in current regulatory oversight is the lack of systematic monitoring of provider financial health and governance capability. The Federal Government should add a requirement for providers to pass financial health checks into the National Regulations.

Embedding financial health checks and enforcing regular compliance reporting are essential to protect service quality and ensure provider sustainability. This includes ensuring providers demonstrate ongoing compliance with fundamental obligations such as PAYG and superannuation requirements, and that individuals in management roles possess appropriate experience and knowledge of their regulatory obligations.

Insufficient Understanding of the National Law and Regulations

Operating an ECEC service is fundamentally distinct from managing a retail or commercial enterprise. It is the delivery of a complex and necessarily highly regulated social service that demands appropriately qualified staff, a deep understanding of child development and a comprehensive knowledge of statutory obligations under the National Quality Framework.

Currently, regulatory authorities place significant reliance on criminal history or police checks to assess the suitability of individuals applying to become Approved Providers. In some jurisdictions, applicants are also required to complete a multiple-choice assessment or participate in an interview to demonstrate a basic understanding of the regulatory framework governing early childhood services, including long day care, outside school hours care (OSHC) and family day care.

In addition, individuals identified as Persons with Management or Control (PMCs) are subject to the same criminal history checks and must be familiar with the Education and Care Services National Law and Regulations, as well as their statutory responsibilities. However, there is currently no requirement for PMCs to have any assessed knowledge of the Education and Care Services National Law and Regulations.

The Federal Government should add a requirement for providers to demonstrate PMCs hold a clear understanding of relevant regulations into the National Regulations. This would strengthen leadership capability, promote more informed decision-making and ultimately contribute to improved outcomes for children.

Affinity Recommendations

To strengthen quality, regulatory oversight and sector capability in ECEC, Affinity recommends the following:

1: Minimum annual monitoring of all ECEC Services

To improve consistency in monitoring and equity across the sector, the Federal Government should amend the National Regulations to set a minimum benchmark for the regularity of monitoring assessments by Regulatory Authorities across all jurisdictions.

2: Clarify the alignment between Legislative Requirements and Regulatory Guidance

To improve provider compliance and reduce regulatory ambiguity, the Federal Government should align guidance documents more closely with legislative intent and language:

- Review and update all regulatory guidance materials to ensure direct alignment with the National Law and Regulations, particularly around reportable incidents, complaints, and allegations.
- Publish frequently asked questions and case scenarios to support interpretation and reduce the risk of inconsistent application.

3: Introduce and enforce stronger financial viability and probity requirements

The Federal Government should amend the National Regulations so that states and territories must embed financial health checks and enforce regular compliance reporting to protect service quality and ensure provider sustainability:

- Mandate quarterly evidence of compliance with PAYG and superannuation obligations for all providers.
- Include financial performance as a formal risk factor in provider assessment, reapproval, and compliance monitoring.

4: Embed mandatory professional development into the assessment and rating cycle

To directly address compliance and quality gaps, the Federal Government should amend the National Regulations so that states and territories must introduce a system of mandatory professional development for services with identified weaknesses:

- Mandate completion of targeted, short course modules when a service receives a "Not Met" rating for any element of the National Quality Standard.
- Link successful completion of these units to the reassessment process, allowing services to demonstrate improvement and shorten reassessment timeframes.
- Align learning content with the specific elements not met (e.g., critical reflection, governance, supervision).

5: Introduce mandatory knowledge testing for Persons with Management or Control

To ensure appropriate baseline knowledge of governance bodies and operators, the Federal Government should amend the National Regulations to require all Persons with Management or Control of Approved Providers to demonstrate sufficient knowledge of the Education and Care Services National Laws and Regulations:

- Mandate standard knowledge completion in key areas including child safety, National Law and Regulations, and compliance obligations.
- Make completion of the knowledge test a prerequisite for initial and ongoing provider approval.
- Require at least one individual in a managerial role to possess a minimum number of years' experience in senior leadership or management roles within the education or related sector.

6: Establish Independent National Regulator

A nationally centralised and professionally resourced independent regulator would ensure consistency of application compliance functions, streamline compliance obligations for providers, and reduce duplicative processes while enabling greater investment certainty for providers.

It would ultimately result in greater safety and quality outcomes for all Australian children in ECEC settings and lay the groundwork for the implementation of a Universal Childcare policy.

TERM OF REFERENCE C: Early learning providers' compliance with quality standards and legislative requirements, including compliance with workplace laws and regulations

Affinity is committed to meeting or exceeding the standards set by regulatory bodies across all states and territories. Where issues are identified, they are addressed promptly in line with our internal policies and the National Quality Framework.

Detailed information about individual centre compliance histories, including any regulatory actions or notices, is maintained at centre level and is available to families as part of our obligations under the National Law.

Our focus remains on continuous improvement through regular audits, staff training, and the implementation of nationally recognised best practice standards.

Proactive Implementation of Enhanced Safety Measures

Affinity has welcomed the raft of recently announced measures that are being introduced by governments across Australia to improve safety and compliance across the ECEC sector.

Importantly, Affinity is not waiting for further regulatory reforms to be mandated and has already either implemented or is in the process of implementing many measures at scale and with immediate effect. Our ability to act swiftly is supported by robust governance frameworks, sector expertise and significant investment over the past three years in both systems and workforce capability.

This proactive approach not only advances child safety and care standards today but also provides a practical model for how these reforms can be effectively applied across the sector.

Our current commitments include:

- Updated, mandatory training for every Affinity employee across Australia on child safety policies, practices and legal obligations
- Fast-tracking the installation of CCTV across all centres to enhance supervision and safety. We have also written to the Federal Minister for Education to request to be a part of the Federal Government's CCTV pilot, to ensure that our team's experience and knowledge is able to contribute constructively to the trial's design and implementation.
- Seeking parental preference regarding who assists their child with toileting or nappy changes
- Rolling out personal device lock boxes nationally, following successful trials in NSW, requiring staff to securely store their personal devices before commencing shifts
- Reviewing centre layouts to identify and rectify blind spots as well as auditing visibility into all care centres
- Formal consultations with our teams, parents and regulators on additional safety measures
- Partnering with Bravehearts to deliver mandatory child protection training to all staff, including tailored modules for leaders on how to create and sustain child-safe environments

Existing Child Safety Framework

These initiatives further enhance the child safe measures already in place across Affinity's network of centres, including:

- **Personal device ban:** A policy has been in place since 2023 that prohibits personal devices in rooms while working with children
- **Enhanced employment screening:** All educators and staff undergo relevant checks, including current Working with Children Checks (WWCC), and validation of qualifications, in accordance with legal and regulatory requirements
- **Comprehensive Child Safety Policies:** Our Health and Safety Policy outlines our commitment to safeguarding and promoting the physical and psychological health, safety, and wellbeing of all children, families, employees, and visitors
- **Child Safety and Protection Procedures:** We have clear procedures to assist employees, students, volunteers, and families in understanding and following legislative requirements related to identifying and responding to children and young people at risk of harm, abuse, and/or neglect
- **Ongoing Training and Education:** Our educators receive regular training on child protection, behaviour management, and ethical responsibilities to ensure they are equipped to provide the highest standard of care

- **Secure Environments:** We implement safety protocols that go beyond regulatory requirements, including secure entry systems, regular safety checks, and emergency drills, to create a safe and nurturing environment for children
- **Transparent Communication:** We maintain open lines of communication with families, providing regular updates and being available to discuss any concerns

Affinity Recommendations:

To help strengthen the safety and quality of early childhood services in Australia, Affinity recommends that the Federal Government, through the National Regulations and through any future reforms to establish an Independent National Regulator, consider the following additional requirements:

1: Roll out sector-wide implementation of enhanced safety technologies

The Federal Government should:

- Continue working with the sector to support CCTV installation across all ECEC services to enhance supervision and transparency
- Mandate personal device lock boxes or equivalent secure storage systems for all staff personal devices
- Require regular centre layout audits to identify and eliminate blind spots

2: Establish parental consultation requirements for sensitive care activities

Through the National Regulations, the Federal Government should:

- Mandate that all providers seek parental preferences regarding who assists their child with toileting, nappy changes, and other intimate care activities
- Require clear documentation and communication of these preferences to all relevant staff

4: Mandate comprehensive child safety frameworks

Through the National Regulations, the Federal Government should:

- Require all providers to implement secure entry systems, regular safety checks, and emergency drills that exceed minimum regulatory requirements
- Mandate transparent communication protocols with families including regular safety updates

5: Establish centre level compliance history transparency requirements

Through the National Regulations, the Federal Government should:

- Require all providers to maintain detailed, accessible compliance histories at centre level
- Mandate that this information is readily available to families as part of transparency obligations

TERM OF REFERENCE D: The impact of childcare providers' employment practices on quality and safety

Affinity's educators are expected to treat all children equitably, with care and professionalism. Our educators receive regular training on child protection, behaviour management, and ethical responsibilities to ensure they are equipped to provide the highest standard of care. We invest significantly in professional learning, coaching and mentoring to support consistent, high-quality practice across our centres. Where concerns are raised about conduct or standards of care, they are taken seriously and investigated, in line with our protocols.

Employment Screening and Hiring Practices

All educators and staff undergo thorough and relevant checks, including current Working with Children Checks (WWCC), and validation of qualifications, in accordance with legal and regulatory requirements. For all external candidates we verify qualifications by checking the ACECQA website to ensure both the qualification and the

Registered Training Organisation or university are valid, including verification of the 'Nationally Recognised Qualification' seal.

When we acquire or transition services into our network, we undertake a structured process to ensure compliance with all legal obligations, including reviewing staffing structures and qualifications. Any changes are made to align with regulatory standards and to support long-term quality improvements.

Affinity has taken significant steps to improve its recruitment processes, including:

- Conducting face-to-face interviews
- Requiring written, signed references, which must include the candidate's previous manager
- Asking referees whether the candidate was subject to any disciplinary action, complaints from parents, whether there was ever a workplace investigation or allegation.

Affinity supports a national register and/or process that gives providers visibility into reportable conduct matters, which we currently have no access to for conduct that occurred at other providers.

Staffing Models

Like most providers, Affinity uses a blend of permanent and casual educators to ensure we can consistently meet ratio requirements, especially during staff leave or absences. All casual educators are qualified and required to meet the same standards as permanent employees. Our surplus staffing approach means that casuals are used to complement rather than replace core team coverage.

Affinity is committed to consistently meeting or exceeding educator-to-child ratio requirements across all our centres. Surplus staffing provides multiple benefits: it enables more personalised interactions with children, supports smoother transitions throughout the day, and ensures coverage during breaks or unforeseen absences without compromising care. This practice also promotes educator wellbeing by reducing pressure on individuals, fostering stronger team collaboration, and allowing more time for observation, planning, and reflection, which are key elements of high-quality early learning.

Training and Professional Development Framework

On commencement, all centre-based employees are required to complete comprehensive e-learning training modules including: Orientation, Critical Policies, Child Safety & Protection, Safety@Affinity, Food Safety at Affinity, and Nurturing Safe and Positive Interactions.

Child safety is embedded across all aspects of our operations - not confined to standalone meetings. Educators participate in mandatory training, regular team meetings, and individual coaching sessions that reinforce child safety principles and professional conduct. Our Practice Coaches and Centre Managers provide ongoing support to ensure continuous learning and vigilance around child safety.

Incident Reporting and Investigation Framework

Affinity has a rigorous internal process and an expectation that all complaints and incidents must be lodged regardless of whether they meet a threshold for external reporting. Reporting applies to a variety of potential events, including those solely outside of Affinity's control, such as where a child presents with gastro, where a child has seizure from their pre-existing conditions, or even if there is a power outage.

Affinity emphasises a strong self-reporting culture through executive communications, training, policies and processes. Our policies require immediate action, including:

- Centres must log the incident into our internal reporting system within 12 hours

- Mandatory reporting to relevant authorities within 24 hours
- Making direct contact proactively and in a timely manner with the child's family
- Staff involved stood down and/or terminated in serious cases
- A full internal investigation conducted with relevant authorities

In cases where an instance of delay or failure to report is identified, these matters are treated very seriously, up to and including termination.

Promoting a 'Speak Up' Culture

Affinity has a robust reporting culture and is committed to upholding the highest standards of care for children, as well as compliance and safety. We have a zero-tolerance policy for any form of child harm and will terminate the employment of any employee found to be in breach of this safeguard.

This includes a strong commitment to a robust reporting culture, where we actively support, encourage and expect all members of our team to 'speak up' and raise any concerns or issues both within centres and up to management. We also have a whistleblower policy, and we actively promote 'see something / say something' in the business.

We take any concerns from staff or families seriously and ensure they are investigated as a matter of urgency so they can be appropriately addressed.

Dedicated Investigation and Support Infrastructure

Affinity Education has a dedicated Incident Support Team (IST) based at its national head office, currently comprising 10 full-time team members, including one manager. This team is responsible for assessing and triaging all incident and complaint reports across our network.

The IST operates under a context-driven, investigator-led model. While it has primary carriage of internal investigations, it also works in close partnership with other functions, particularly Human Resources and Operations, where required. The team's role is not limited to investigation - it also provides guidance and practical support to centres to address underlying issues, build capability, and strengthen compliance beyond minimum legal requirements.

Affinity also has a team of seven Industrial Relations/Employee Relations specialists, who support both employees and managers in relation to grievances and performance-related concerns. They investigate allegations in relation to compliance breaches in cooperation with the Compliance team, who are responsible for investigating and reporting breaches to the Department.

Affinity Recommendations

To strengthen employment practices and their impact on quality and safety across the ECEC sector, Affinity recommends the Federal Government, through the National Regulations and through any future reforms to establish an Independent National Regulator, consider the following additional initiatives:

1: Establish national conduct information sharing system

- Create a national register or system that provides ECEC providers with visibility into reportable conduct matters from other providers during the hiring process.

- Enable secure, appropriate information sharing while maintaining due process protections for individuals.

2: Mandate comprehensive pre-employment verification standards

- Require standardised verification of qualifications through ACECQA systems for all ECEC educators.
- Establish minimum standards for reference checking that go beyond candidate-nominated referees.
- Require validation of prior employment in ECEC settings where applicable.

3: Support above-ratio staffing through regulatory recognition

- Recognise and incentivise providers who consistently exceed minimum educator-to-child ratios.
- Consider above-ratio staffing as a positive factor in assessment and rating processes.
- Support funding models that enable sustainable above-ratio staffing practices.

4: Mandate comprehensive incident support infrastructure

- Require larger providers to establish dedicated incident support teams for investigation and remediation.
- Mandate structured remediation programs for centres experiencing compliance issues.
- Establish minimum standards for internal incident reporting systems and timelines.

5: Strengthen 'speak up' culture requirements

- Mandate whistleblower protection policies and 'speak up' culture initiatives across all ECEC providers.
- Require regular training and communication on reporting obligations and protections.
- Establish independent reporting mechanisms for staff concerns about workplace practices.

TERM OF REFERENCE E: The role of worker compensation and pay on childcare quality and safety

Early childhood educators and teachers represent some of the most dedicated and hardworking professionals in Australia. These individuals play a vital role in the development and wellbeing of our youngest citizens and, as such, deserve fair remuneration, professional respect and consistent access to high-quality development opportunities.

Affinity fully supports the Federal Government's commitment to a 15 per cent wage increase for early childhood educators over the next two years, which commenced in December 2024. Affinity implemented the pay rise for eligible educators and teachers from 1 December 2024. Affinity continues to advocate for sustained Government investment to support both educator wages and regulatory capability.

In addition to paying staff at, on average, five per cent above award and complying with regulated labour ratios, Affinity has made significant investments in recent years including a retention-based bonus scheme for centre and area managers. Employees in both are required to hold a minimum Diploma qualification (many are Bachelor qualified) to be eligible once they are through probation. This is a straightforward cash bonus retention scheme of \$15,000 for centre managers and \$30,000 for area managers that vests over three years to reward tenure and encourage retention and recruitment of staff. It has no other KPI's beyond tenure.

Workforce Development as a Driver of Quality

Remuneration in early childhood education is closely linked to qualification levels. Affinity places significant emphasis on workforce development as a key strategy for delivering high-quality education and care. Through the Affinity Learning Academy, we provide nationally recognised qualifications, structured leadership pathways and comprehensive training programs that support educators at all stages of their careers. Since 2017, more than 2,000 Affinity employees have completed their Certificate III or Diploma in Early Childhood

Education through employer-funded study. These programs, some offering up to 100 per cent subsidised qualifications, are a cornerstone of Affinity's commitment to workforce capability.

Supporting Behaviour Management Capability

Educators' capacity to support children's behaviour particularly in moments of emotional dysregulation is critical to maintaining safe, positive learning environments. Regulatory breaches and serious incidents often stem from gaps in educator training and support in this area. While pre-service qualifications are essential, access to ongoing, targeted professional development is equally vital for ensuring educator preparedness and safety.

Affinity Recommendations

To strengthen the professional standing, safety and capability of early childhood educators and teachers, Affinity recommends the following:

1: Introduce a national framework to support state- and territory-level mandatory registration for all early childhood educators and teachers

To strengthen professionalism, accountability, and public confidence in the ECEC workforce, introduce a national registration framework for early childhood educators and teachers aligned with school-based systems.

- Support state- and territory-based educator registration, coordinated by a national professional standards body or aligned with existing teacher registration boards.
- Set consistent criteria for registration, including minimum qualifications, fit-and-proper person checks and professional development obligations.
- Ensure registration applies to all ECEC educators working with children birth to five years, across all service types.

2: Extend the Federal Government's Worker Retention Payment and consider other forms of financial support to ECEC workforce education and training

To support the retention of high-quality early childhood educators across the wider sector, the Federal Government should extend the Worker Retention Payment beyond November 2026.

To address cost-related barriers to educator upskilling and improve workforce capability, the Federal Government should also explore the viability of allocating public funding directly to universities and training providers to reduce tuition fees for priority early childhood education qualifications.

TERM OF REFERENCE F: The role of private for-profit incentives and their impact on childcare quality and safety

As one of Australia's largest private ECEC providers, Affinity plays a vital role in supporting the overall capacity, accessibility and quality of the national ECEC system.

Private providers collectively deliver more than 70 per cent of all approved centre-based care in Australia. Without this contribution, which is complementary to the portion of the sector comprised of for-purpose, community-based and government providers, the sector would be unable to meet the growing demand for ECEC services particularly in expanding suburban, regional, and outer metropolitan areas.

The ability of the sector to support women's workforce participation and family economic stability, a longstanding bipartisan policy objective since the 1980s, is heavily dependent on the sustained capacity of private providers.

Market Context and Regulatory Findings

The Australian Competition and Consumer Commission's final report from its Childcare Inquiry published in January 2024 included the following findings:

- Childcare markets under current regulatory settings are not delivering on the key objectives of accessibility and affordability
- There is a lower supply of childcare services in remote and very remote areas
- In seeking to support the early childhood education and care sector, there is a range of objectives that governments may wish to pursue, including affordability of and access to childcare for households; the provision of quality educational and developmental outcomes for children; supporting workforce participation for parents and guardians; and encouraging and recognising the contribution childcare educators make to children's lives and development

Private Provider Investment Capacity and Market Responsiveness

Private providers such as Affinity are uniquely positioned to respond efficiently to population growth, emerging infrastructure needs and evolving community demand due to their capacity for long-term capital investment. This includes the ability to:

- Establish new centres in growth corridors
- Expand or upgrade existing facilities
- Introduce and scale specialised or flexible service offerings

In contrast, for-purpose and government-run services, while highly valued, often face constraints related to capital availability, slower approval or governance processes and limitations in land access or use. These structural challenges can significantly impede their ability to scale at the pace required to meet demand. The investment agility of private operators supports the expansion and responsiveness of the national ECEC network, ensuring families without viable local or flexible care options have access to services.

Economic Impact and Workforce Participation

The economic implications of ECEC supply shortfalls are substantial. Access to quality, affordable ECEC is a critical enabler of workforce participation, especially for women. The Productivity Commission has estimated that improved access to care could enable up to 110,000 parents, primarily women, to enter or increase their participation in the workforce. Moreover, if Australia achieved female workforce participation levels comparable to those of Nordic countries, it could deliver an additional \$132 billion in GDP annually (Grattan Institute, 2023). Private providers are instrumental in enabling this participation by offering the majority of available ECEC places, often with the extended or flexible hours needed to support non-standard and modern work arrangements. Affinity alone supports tens of thousands of families across Australia by providing reliable, high-quality education and care through approximately 250 centres providing early education to over 23,000 children.

Investment in Quality and Professional Development

Affinity's number one priority is the provision of safe, reliable and high-quality care and early education. Running a sustainable, profitable business does not come at the cost of quality care - in fact, it is essential to its delivery. Our model allows for significant reinvestment in quality improvements and professional development:

- Over \$70 million invested in improvements to compliance, safety, care, systems and processes across our network over the past three years
- More than \$1.2 billion spent on wages, training, goods and services over this timeframe

- The Affinity Learning Academy, an employer-funded development pathway that has helped more than 2,300 people across Australia receive nationally recognised qualifications (Certificate III, IV or Diploma) in early childhood education, community services and business
- A retention-based bonus scheme for centre and area managers, providing \$15,000 for centre managers and \$30,000 for area managers that vests over three years to encourage retention and recruitment

Social Infrastructure and Long-term Sustainability

ECEC is a foundational social infrastructure that promotes social mobility, helps address intergenerational disadvantages, and supports optimal child development during the critical early years. Government funding mechanisms such as the Child Care Subsidy (CCS) are essential in ensuring affordability for families and sustainability for providers. However, the effectiveness and reach of these mechanisms are significantly enhanced by the scale and operational efficiency that private providers bring to the system.

Without the scale and efficiency of private sector operations, the current government funding for the sector would not stretch nearly as far, nor reach as many families. Private investment in ECEC is not merely complementary to government or for-purpose provision - it is essential. The sector's capacity to meet national objectives in relation to economic productivity, gender equity and child wellbeing is intrinsically tied to the ongoing contribution of private providers.

Policy Certainty and Financial Sustainability

Ensuring policy certainty and the financial sustainability of private providers is critical to maintaining supply, encouraging innovation and delivering inclusive outcomes for families nationwide. The continued expansion of the sector to meet growing demand, particularly in underserved areas, relies on the investment capacity and operational agility that private providers bring to the national ECEC system.

TERM OF REFERENCE G: Transparency within the early childhood education and care system, including access to information and data

Reporting is a critical mechanism for driving performance and accountability across the sector. It provides a structured framework for measuring progress, identifying areas for improvement and ensuring alignment with strategic objectives. Robust reporting practices underpin effective decision-making, support a culture of responsibility and continuous improvement, and contribute to operational effectiveness.

In the context of education and care, comprehensive reporting directly supports better outcomes for children by ensuring that services are meeting quality standards, tracking developmental progress and identifying areas where additional support or intervention may be required.

By fostering transparency and informed action, reporting becomes a powerful tool in delivering safe, high-quality and child-focused care.

However, inconsistencies in data collection and reporting mechanisms can make it challenging to accurately measure performance across the ECEC sector.

The number of recorded breaches often correlates more closely with the frequency of regulatory visits than with the actual quality of care provided. As noted in the Australian Productivity Commission's report into the ECEC system published in September 2024, breach and incident data may be influenced by a range of factors unrelated to service quality. Higher rates of reported breaches or serious incidents can reflect improved reporting practices, more proactive regulatory oversight, or the increased size and complexity of services, rather than a

decline in standards. For example, services rated as Exceeding the National Quality Standard often report more serious incidents not due to lower quality, but because of stronger internal processes and a greater likelihood to report. Similarly, increased regulatory visits and broader definitions of breaches can inflate the data, making it an unreliable sole indicator of service quality.

It is important for regulators to identify and address genuine compliance issues, however, some breaches identified during inspections may be minor or disproportionate. For instance, matters such as minor cleanliness issues or the way children's artwork is stored, while technically within the scope of the regulations, do not generally indicate substantive compliance concerns.

The core issue lies in the inconsistency with which breaches are recorded and reported across the sector. Services subject to more frequent regulatory visits are more likely to accumulate a record of minor technical breaches, while those visited less often may appear more compliant simply due to a lesser level of scrutiny. This creates an uneven regulatory landscape, where the appearance of compliance may be more a function of inspection frequency than of actual practice.

While it is important that the regulation of the sector provides confidence to parents that breaches will be identified, Affinity considers that it is essential that regulatory frameworks incorporate both qualitative and quantitative assessments. Achieving the right balance requires the implementation of clear, consistent policies and practices at the state and territory departmental level, rather than relying solely on the discretion of Authorised Officers.

More equitable and consistent monitoring across all services is needed to create a level regulatory playing field and to ensure that compliance data accurately reflects the true quality of care delivered throughout the sector.

Enhancing Transparency, Consistency, and Communication in Regulatory Reporting

In addition to breach and compliance data closely correlating to frequency of inspections, the key issue is that a significant volume of breaches may involve relatively minor matters. Although these matters concern regulatory requirements (such as those outlined in NSW's Regulation 103, which covers cleanliness and safety of premises and equipment) they can appear disproportionate when compared to more significant compliance concerns. This broad definition of breaches can obscure the scale and severity of breaches, which can range from minor issues to more substantive risks to safety or quality of care.

Affinity strongly supports the development and implementation of more consistent, independently assured breach reporting systems and processes which distinguish substantial breaches from minor procedural issues. Establishing a sector-wide standard for compliance data collection and analysis will help ensure:

- equitable and transparent monitoring across all providers, regardless of size, location, or operational model, and
- a more appropriate balance between quantitative and qualitative aspects of enforcement

In addition, improved transparency and timely communication between regulatory authorities and Approved Providers is essential to maintaining a fair, effective, and constructive regulatory environment. At present, Approved Providers are not consistently notified of breaches identified during spot checks or monitoring visits. This gap in communication makes it challenging for a provider to fully understand, contextualise and respond to identified compliance issues in an informed and timely manner.

To address this, Affinity recommends the introduction of a formal requirement that any breach identified by regulatory authorities, regardless of the context in which it is discovered, or the apparent materiality of it, be

communicated directly to the relevant Approved Provider within a reasonable timeframe. This notification should include a clear explanation of the basis for the finding, as well as any expectations for action or follow-up. Affinity further understands that current internal systems used by regulatory authorities lack sufficient functionality to differentiate between minor non-compliance matters that warrant regulatory guidance and more serious incidents that constitute formal breaches. As a result, all issues are categorised as breaches, even when a more proportionate regulatory response such as guidance or advisory notice would be more appropriate. We support ongoing efforts to address this limitation and recommend targeted investment in system enhancements that allow for a more nuanced and tiered categorisation of regulatory findings.

Furthermore, complaints submitted directly to the regulatory authorities by families, or third parties are not routinely shared with Approved Providers. The absence of visibility over such matters inhibits the ability of providers to engage constructively, address concerns early and implement corrective actions where required. Affinity recommends the establishment of a clear and consistent policy requiring the Regulatory Authority to inform Approved Providers of any direct complaints received about their services. This communication should include details of any intended follow-up action or investigation, thereby enabling providers to respond appropriately, provide relevant context and contribute to a timely and constructive resolution process.

Affinity Recommendations:

To enhance fairness, accountability, and provider engagement in the compliance process, states and territories should implement consistent breach reporting systems and require timely, structured communication from regulatory authorities to Approved Providers. Under this approach states and territories would:

- 1. Mandate timely notification of breaches to Approved Providers**
 - a. Require regulatory authorities to formally notify Approved Providers of any breach identified - whether through inspection, complaint, or other means.
 - b. Notifications must include the basis for the finding, the regulatory classification of the breach, and required actions and timeframes.
- 2. Introduce tiered categorisation of breach findings**
 - a. Upgrade regulatory systems to enable categorisation of breaches by severity, distinguishing between:
 - Minor administrative or procedural issues (warranting advice or guidance)
 - Moderate issues (requiring formal remedial action)
 - Serious breaches (triggering investigation or enforcement).
- 3. Formalise Approved Providers notification processes for third-party complaints**
 - a. Require regulatory authorities to notify Approved Providers of any direct complaints received from families or external parties about their services.
 - b. Include the nature of the complaint, whether it meets the threshold for investigation, and any intended or potential follow-up action or compliance steps.

TERM OF REFERENCE H: The suitability and flexibility of the funding of early education and care across Australia

Affinity makes no submission on this Term of Reference.

TERM OF REFERENCE I: The choice of care options available to parents and families

Affinity makes no submission on this Term of Reference.

TERM OF REFERENCE J: Any related matters

Affinity makes no submission on this Term of Reference.