

**INQUIRY INTO EARLY CHILDHOOD EDUCATION AND
CARE SECTOR IN NEW SOUTH WALES**

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Submission to the NSW Parliamentary Inquiry into Early Childhood Education and Care

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Thank you for the opportunity to make a submission to this important inquiry.

I write as an advocate for children's rights to high-quality education and care, a public commentator on the sector, and a passionate supporter of not-for-profit models of delivery. This submission focuses on several key areas of the terms of reference: the safety and wellbeing of children and workers, the effectiveness of regulation, the impact of funding and sector composition, and the future of community-based services.

1. Children's safety, wellbeing, and service quality (TOR 1(a), 1(b))

Let's begin with what should matter most: children's safety and learning. Keeping children safe is expensive. But when the education and care sector is dominated by providers whose business model relies on cutting costs, safety becomes a secondary concern.

In Australia, 68% of services are for-profit, and 25% are not-for-profit. But the real issue lies in where profit matters most – not in the small private centres run by a local owner, but in corporate and private equity-owned providers whose primary objective is increasing shareholder returns or boosting the resale value of their business.

We now have two major childcare chains owned by private equity firms:

- **Guardian**, currently owned by Swiss-based Partners Group, was bought for \$440 million in 2016 and is now reportedly up for sale for \$1 billion.
- **Affinity Education**, bought by Quadrant PE in 2021 for \$650 million, is also up for sale.

Then there's **G8 Education**, a publicly listed company with 438 centres, over 8,000 educators (of whom 1 in 8 are trainees), and a net profit last year of \$36.6 million – after spending just 57% of its revenue on wages.

So how do these companies generate such profit? By cutting costs. And wages are the biggest cost in ECEC. But wages are also what keep children safe.

The structural elements that truly keep children safe are:

- High educator-to-child ratios

- More qualified and experienced educators
- Low turnover and stable teams
- Ongoing, meaningful professional development

And yet nationally:

- Almost 40% of educators in long day care have less than three years' experience
- 22% are under 25
- 25% of staff are casual
- 1,600 services had exemptions from employing qualified early childhood teachers as of last year.

Where do we find the most casual, least experienced staff? In large corporate and private equity-owned centres.

The Australian Competition & Consumer Commission (ACCC) found that large not-for-profits spend more on wages, have lower staff turnover, and are more likely to exceed the National Quality Standard than large for-profits.

Meanwhile, we're told to trust the National Quality Standard as the barometer of quality. But how can we? Nationally, only 9% of services are rated as not meeting the NQS — yet in 2022–23 alone:

- There were **237 regulatory breaches per 100 long day care services**
- **2,315 children** were *locked in, locked out, taken away or unaccounted for*
- Educators reported services spending as little as **\$1.75 per child per day on food**
- Children have been **dragged across floors**, scratched, and worse
- One NSW service rated "Exceeding" has been found to have **77 confirmed breaches** since 2022
- **22% of all breaches were for inadequate supervision** – something we know is essential for keeping children safe.

Worst of all, more and more children are being **sexually abused** in care. In October 2024, three separate educators were arrested in three days: one for sexual touching, one for filming himself abusing boys and masturbating in front of children, another after *three separate internal reports* were ignored until it was too late. The last centre confirmed the abuse *eight days before the educator was stood down*. But, of course, they put out a statement saying that "the health, safety and wellbeing of every child in their care remains their highest priority."

That service is owned by the **largest US-based corporate childcare provider**.

In another case, a whistleblower was **pursued through the criminal justice system** after exposing a paedophile who was later found guilty of hundreds of offences. This, despite reporting her concerns a year earlier to both her employer and police – who dismissed them.

When I know and see and hear this stuff, I don't think, "Oh well, it only happens in the 9% of services that are rated Working Towards." I know this is happening in services across every rating level.

2. Workforce safety and conditions (TOR 1(c))

Educators and directors are under extraordinary stress. With low pay, understaffing, and relentless policy churn, it's no wonder experienced staff are leaving. Meanwhile, those who remain are doing the impossible every day, often at great personal cost.

We need real investment in wages, in training, and in properly funded professional development and resourcing. The sector is in crisis, and the human cost is unacceptable.

3. Regulation and the Role of the Regulatory Authority (TOR 1(d), 1(e))

Australia's **National Quality Framework** and **Education and Care Services National Regulations** are, by any measure, world-class. They are comprehensive, child-focused, and developed through extensive sector consultation. The issue is not with the framework itself — it's with how it's applied and enforced.

Frankly, many in the sector feel like they're being regulated by a system that is more reactive than proactive — a system that too often **closes the barn door after the horse has bolted**. We see this time and again: a child dies of SIDS and only then does the regulatory focus turn to safe sleep practices. The wake-up calls come far too late, and only after real harm has occurred.

Meanwhile, services that are repeatedly rated as Working Towards the NQS — some of which have **held that rating for more than a decade** — continue to operate unchecked. **Over 500 services have been rated WTW twice, and nearly half have kept that rating for over five years.** What is the point of Assessment and Rating if there are no consequences for persistently poor outcomes?

It's also deeply concerning that there seems to be **little to no risk differentiation** based on ownership models. Large corporate providers — particularly those backed by private

equity — should be **immediately considered higher risk**. Their track records on staff turnover, casualisation, regulatory breaches, and cost-cutting are well documented. Yet we see little indication that regulatory attention is focused accordingly.

Worse, services with known compliance issues continue to be rated as 'Meeting' or even 'Exceeding' the NQS. One NSW service, now confirmed to have **77 breaches of the Regulations since 2022**, is still publicly rated as Exceeding. What confidence can the sector or the public have in a system that allows this?

We don't need new regulations. We need **better enforcement of the ones we already have**, with a clear focus on risk-based oversight. That includes:

- Prioritising follow-up on services with persistent WTW ratings
- Greater scrutiny of large for-profit and PE-owned providers
- Prompt and decisive action where concerns are raised — not months or years after harm has occurred

The National Law gives regulators significant powers. But without the **political will, leadership, and resources to use those powers effectively**, we will continue to see children harmed in a system that was supposed to protect them.

4. The shrinking community-based sector (TOR 1(h), 1(j))

Community-managed services are crucial. They reinvest in children, prioritise staff wellbeing, and are consistently rated more highly. But they are being squeezed out by mega-providers whose business model is fundamentally incompatible with the care and education of children. In 2014 25% of long day care services and preschools in Australia were community based stand-alone services (i.e. not part of a larger organisation like Goodstart or KU. By 2024 this had shrunk to 20%.

There are many and complex reasons for this shift but one that could be helped by a recommendation by the Inquiry is the issues around how Person's with Management and Control (PMCs) are now defined in practice under the Education and Care Services Law and under Family Assistance Legislation and treated in practice by the NSW Regulatory Authority.

Previously, services were able to define who was a PMC. Most community based services chose their executive members (Chair, Treasurer Secretary) as PMCs. Now both state Regulatory Bodies and the Department of Education have decided it is every member of the Management Committee/ Board.

It is increasingly difficult to recruit people to volunteer on Management Committee Boards given the need to then ask them for a swathe of ID, to undergo a range of checks, etc to meet regulatory requirements. This is especially onerous for preschools who may have complete turnovers of Committees/ Boards every 12 months. I would like to see a recommendation from the Inquiry about this issue and perhaps a broader one to help support community based management of education and care services. Why not support those services who consistently rate as higher quality and consistently keep children safer?

Conclusion

If there is a crisis in ECEC – and there is – then the time for structural reform is now. We need:

- To stop propping up corporations and private equity with public money
- To build a workforce that is skilled, safe, and valued
- To support the not-for-profit services that have always put children first
- To fix the broken systems that let unsafe services slip through the cracks and remain operating.

Because our children, our families, and our educators deserve more than statements and surface reforms. They deserve action.

I would like the Inquiry to consider making 4 clear recommendations:

1. To recommend that no new private equity or corporate owned education and care services be granted service approvals in NSW.
2. To recommend the immediate establishment of a single reporting line for all educators who have seen other educators or providers engaging in acts that could or do harm children.
3. To recommend that a fully funded professional development system be set up for educators and early childhood teachers in NSW outsourced to not-for-profit organisations.
4. To recommend that the NSW Department of Education work with not-for-profit providers to work on eliminating barriers to the retention and growth of small stand alone not for profit services.