

# TRANSCRIPT

## SELECT COMMITTEE ON THE EARLY CHILDHOOD EDUCATION AND CARE SECTOR IN VICTORIA

### Inquiry into the Early Childhood Education and Care Sector in Victoria

Melbourne – Wednesday 11 March 2026

#### MEMBERS

Anasina Gray-Barberio – Chair

Michael Galea – Deputy Chair

Melina Bath

Georgie Crozier

Jacinta Ermacora

Sarah Mansfield

**WITNESS**

Anna Learmonth, Chief Executive Officer, Only About Children.

**The CHAIR:** Good afternoon, and welcome back. We will now resume the committee's public hearings for the Inquiry into the Early Childhood Education and Care Sector in Victoria.

All evidence taken is protected by parliamentary privilege as provided by the *Constitution Act 1975* and provisions of the Legislative Council standing orders. Therefore the information you provide during the hearing is protected by law. You are protected against any action for what you say during this hearing, but if you go elsewhere and repeat the same things, those comments may not be protected by this privilege. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament.

All evidence is being recorded. You will be provided with a proof version of the transcript following the hearing. Transcripts will ultimately be made public and posted on the committee's website.

For the Hansard record, can I ask you to state your name and any organisation you are appearing on behalf of.

**Anna LEARMONTH:** My name is Anna Learmonth, and I am the CEO of Only About Children.

**The CHAIR:** Thank you very much. We will now go around and introduce ourselves. My name is Anasina Gray-Barberio, MP for Northern Metro and Chair.

**Michael GALEA:** Hello. Michael Galea, Deputy Chair of the committee, Member for South-Eastern Metro.

**Anna LEARMONTH:** Hi. Nice to meet you.

**Sarah MANSFIELD:** Sarah Mansfield, Member for Western Victoria Region.

**Melina BATH:** Good afternoon. Melina Bath, Eastern Victoria Region.

**Anna LEARMONTH:** Hi, Melina.

**Georgie CROZIER:** Anna, good to see you. Georgie Crozier, Member for Southern Metropolitan Region.

**Anna LEARMONTH:** Nice to see you again, Georgie.

**Jacinta ERMACORA:** Jacinta Ermacora here, Member for Western Victoria.

**Anna LEARMONTH:** Hi, Jacinta.

**The CHAIR:** I would now like to invite you, Ms Learmonth, to make an opening statement and ask if you could please keep it to a maximum of 10 minutes to ensure we have plenty of time for discussion. Thank you.

**Anna LEARMONTH:** Thank you. I would like to begin by acknowledging the traditional owners of the land on which we meet today, the Wurundjeri and Bunurong people, and pay my respects to elders past and present. I particularly want to acknowledge the children who learn, grow and play on these lands.

Thank you, Chair, and thank you, members of the committee, for the opportunity to appear today. As I said, my name is Anna Learmonth, and I am the CEO of Only About Children. Before I start I would like to begin with a few words about why this sector means so much to me personally as well as professionally. I grew up in the far west of Victoria, the youngest of five. My early childhood education was at a very small kindergarten that my mother drove a nearly 90-minute round trip to get us to, because she understood, even in the early 70s – I am showing my age – that those early years mattered. My primary schooling followed at local schools in rural Victoria, and that experience in a family that went to considerable lengths to access quality early and primary education has really shaped how I think about this sector every day. My family remains anchored in Victoria, and that connection keeps me really grounded in what this inquiry is about: it is children, it is families, and it is the communities that support them. I also sit on the board of a large not-for-profit disability services organisation headquartered here in Victoria, a role I took on in support of my sibling. That experience has

deepened my commitment to inclusion, to safeguarding and to the idea that every child, and indeed every human, deserves to be safe and to thrive regardless of their circumstances.

Only About Children, or OAC, as we like to call ourselves, operates 27 early childhood education and care services across regional and metro Victoria. We employ over 700 educators in the state and more than 140 in our support team nationally. Our purpose is to deliver high-quality evidence-based programs that support children's development and the needs of modern working families. Our programs are grounded in the early years learning framework and tailored to local needs, ensuring that children are safe, supported and ready to thrive at school and beyond.

We are owned by Bright Horizons. We are a global provider of care solutions for working families, with nearly 40 years of experience. Unlike private equity ownership, Bright Horizons' model is long term and mission-driven. This structure enables us to consistently invest in educator capability, child safe systems, curriculum development and operational oversight. Our model allows us to prioritise children's wellbeing, service quality and family trust rather than short-term financial outcomes.

Decision-making for OAC is undertaken locally by an Australian leadership team, with a strong emphasis on compliance with Victorian state and national regulatory requirements and responsibilities across all policy settings. Our governance arrangements are designed to support accountability, transparency and a culture of safety, quality and continuous improvement across all services.

In terms of the current reforms that are underway, we support many of them across the sector, and we have followed closely the work of others who have contributed to this inquiry, including the submission from the Early Learning and Care Council of Australia, or ELACCA, of which OAC is a founding member. ELACCA's submission addresses the terms of reference in considerable detail, and we endorse its findings and recommendations. I will draw on several of those in my remarks today.

Let me start by saying we strongly support the internationally acclaimed national quality framework, which whilst multijurisdictional and multilayered – and it can be complex – is a strong foundation for quality early learning in Australia. Like ELACCA, we endorse the prior reports and recommend strengthening the NQF through increased transparency, regular reviews and increased funding of regulators.

Turning to safety, it is our highest priority. We have a guiding principle called 'Keeping everyone safe', and we support strong, nationally consistent Child Safe Standards being applied robustly and fairly across all provider types. We really welcome the packages of child safety reforms announced by the education ministers in various meetings recently, while sharing ELACCA's view that these reforms must be accompanied by a genuine commitment to national consistency. Moving faster state by state does not necessarily mean, in our view, doing better and risks fragmenting the national quality framework.

We support the reforms aimed at strengthening our workforce. We know, and it is well researched, that a skilled, knowledgeable and stable workforce is essential to children's outcomes. OAC pays above award wages and delivers a significant amount of ongoing professional development. Sustainable improvement, however, for our workforce requires coordinated government action on pay, career pathways and the quality and consistency of the qualifications training in our sector. The Commonwealth's worker retention payment has been an important step. However, we share the sector's concern about what happens at the end of 2026 when those grants expire. Like others, we advocate for a nationally consistent, child-centred, risk-based approach around the working with children check, and we also support stronger inclusion supports for children with additional needs. These reforms are critical to building family confidence and ensuring the sector can meet our social and educational purpose.

We do welcome the opportunity to discuss with the committee several broader systemic topics. I do want to recognise that public confidence in parts of our sector has been shaken and that scrutiny from governments, regulators and the community is both appropriate and necessary. We welcome the scrutiny indeed. This inquiry is an important opportunity to strengthen safeguards, rebuild trust with families and lift standards across the sector across all provider types.

We support a mixed market where families have genuine choice and where services are measured on child outcomes and quality, regardless of ownership structure. Regulatory consistency remains a significant challenge. As ELACCA has noted, inconsistencies both within and across jurisdictions complicate compliance

for providers operating both within a jurisdiction like Victoria and across multiple states. These complications draw internal resources away from quality improvement and create confusion, which ultimately do not serve children or families well. Streamlined processes and fair application of standards across all provider types would reduce the duplication and, we think, strengthen confidence in the regulatory system overall. We would like to commend the Victorian government's decision to double funding for the regulator and note the passage of the *Victorian Early Childhood Regulatory Authority Act 2025*.

Data transparency is another area where we think more can be done. ELACCA's submission rightly points out that data on breaches and incidents currently is highly aggregated, making it quite difficult for families to distinguish between qualitatively different events. Families deserve a more nuanced, accessible data framework that would serve children, providers and regulators alike.

Property availability and leasing costs are becoming a significant barrier to service provision, particularly in metropolitan areas, and securing suitable premises is increasingly difficult and expensive. In some cases the presence of government subsidies appears to be reflected in higher lease costs. These pressures both impact affordability for families and the long-term viability of services. Visa and migration settings play a critical role in workforce sustainability. Currently, arrangements can limit the providers' ability to recruit and retain skilled educators, particularly where local supply is insufficient. And from a stability and quality perspective, these settings require careful consideration.

Finally, on worker-educator wellbeing, we share ELACCA's concern that some reform measures, however well intentioned, risk creating fear and uncertainty among good educators. The prospect of significantly increased fines for conduct that is not clearly defined may cause people to leave the sector. This is not an outcome any of us want. We encourage the committee to consider how reforms can be designed to both hold bad actors to account, while supporting and retaining the many dedicated professionals who form the backbone of this sector.

Only About Children welcomes this inquiry and the opportunity to contribute constructively to strengthen early childhood education and care in Victoria. This is a sector I care about deeply as a leader, as someone shaped by it and as someone whose family continues to rely on it. I look forward to answering your questions.

**The CHAIR:** Thank you very much, Ms Learmonth. I appreciate that. I might start with questions. Was there any barrier to your organisation in making a submission, Ms Learmonth?

**Anna LEARMONTH:** No. We worked closely with ELACCA on their submission – ELACCA is the advocacy group for a number of large providers. We contributed heavily to that, and that formed our submission.

**The CHAIR:** Okay. You also said that you stand by the content of ELACCA's submission. On page 6 of the submission it talks about the Department of Education and the role that it played in monitoring and maintaining child safety. In ELACCA's submission they say that the Department of Education, in its current role, operates with a high degree of professionalism, maintaining a strong commitment to communication and to an uplift in sector quality. I disagree with that, because the previous regulator, QARD, was sitting in the Department of Education. It was revealed that they were not doing their role and responsibilities when it came to being the sector regulator, yet ELACCA seems to think that they were doing the appropriate functions that they were delegated to do. Do you agree that the Department of Education, with QARD sitting in it, was doing an effective job in keeping children safe and ensuring that quality of care was maintained throughout the early childhood sector. Do you agree with that?

**Anna LEARMONTH:** Thank you for the question. Obviously, the submission was some time ago. I do –

**The CHAIR:** It was just a few months ago, at the end of last year.

**Anna LEARMONTH:** Yes. I do believe that the framework within which the department at the time, now VECRA, was working was based on the national quality framework, and I do believe that is a strong framework from within which they can regulate the sector.

**The CHAIR:** But it is only as strong as its implementation, correct?

**Anna LEARMONTH:** I absolutely agree.

**The CHAIR:** I feel like the submission, and please correct me if I am wrong, is painting the Department of Education in a pretty good light, which I disagree with, because we are seeing all this system fragmentation, fractures, ruptures, and they are not doing their job in regulating and ensuring that children are kept safe and away from harm. I am quite astounded that you are sitting here quoting ELACCA and this is some of the content that is coming through. You are one of the biggest early childhood providers in all of Australia. How many campuses, as you like to call them, do you have in Victoria?

**Anna LEARMONTH:** We have 27.

**The CHAIR:** Are they across Victoria, metro–regional?

**Anna LEARMONTH:** Metro–regional. We have 27 services in metro–regional. We have been around in Victoria for over 15 years, and we have two additional services in regional Victoria, which we are currently developing in order to meet some needs of those communities.

**The CHAIR:** How many educators do you employ?

**Anna LEARMONTH:** In Victoria we have a total of about 718 educators across a couple of cohorts – I heard a prior question about this – and that is both permanent full-time, part-time and what we call OAC casual, so they are a cohort that are specifically working for OAC but they have chosen to work in a casual capacity, and then –

**The CHAIR:** What percentage do they represent, the OAC casuals?

**Anna LEARMONTH:** That is about 25 per cent. They are connected to OAC, they are connected to individual campuses and they are led by a dedicated manager who ensures they have the same and appropriate training and information that all of our permanent educators have. They participate in all of the same things that the permanent team participate in. They have chosen to work casually.

**The CHAIR:** What kind of child safety training does your organisation provide to your staff, and are all staff included or have access to this child safety training?

**Anna LEARMONTH:** Child safety training at OAC is multilayered and across every role and from the very beginning of their tenure with us all the way through. So I will say it is multilayered. We do it both –

**The CHAIR:** I do not understand what that means. You either provide child safety training or you do not?

**Anna LEARMONTH:** We provide child safety training for all of our team at the very beginning of their tenure with us, so as part of induction.

**The CHAIR:** So as part of their orientation?

**Anna LEARMONTH:** As part of orientation they are required to complete online modules before they even come to induction. We have an in-person induction program that also covers child protection and child safety training. We also have child safety training as part of positions. So for example, our campus directors, our educational leaders, our assistant directors –

**The CHAIR:** Have a different level of training?

**Anna LEARMONTH:** Have a different level of training. Last year we also worked with some external providers.

**The CHAIR:** That is what I was going to ask. Have you provided any continuous professional development that centres on child safety and child prevention of harm and abuse?

**Anna LEARMONTH:** Last year we did in-person child safety training with an organisation called In Safe Hands, and that was in-person training with teams doing it together so that then they could reflect on what they were hearing and how that applied in their environment. And then of course now we have got the national child safety mandatory training that has just been released by the federal government, the Commonwealth

government, and which is due to be completed, which will happen over the next six months. We have got until, I think, the end of July.

**The CHAIR:** My next question is around incidents regarding staff members of OAC, previous staff members. In New South Wales you had an early childhood educator that pleaded guilty to sexual abuse, and that is obviously undergoing what it needs to undergo through the legal system. However, my question is around OAC being investigated by the Department of Education in New South Wales around reporting. This incident happened in your centre in Seaforth, and what the educators saw they did not report. It took a week before OAC actually escalated this up through the proper channels. And then there was another incident in Eynesbury and your Williamstown centre: children scaling fences with inadequate supervision. I guess what I want to get to, Ms Learmonth, is: what sort of oversight systems are you putting into place to ensure that, like you said, there is accountability and there are proper oversight mechanisms in place throughout your campuses to ensure that children really are at the core of your service delivery?

**Anna LEARMONTH:** Let me start by saying any incident where a child is harmed is entirely unacceptable, and we use that incident always as a moment to reflect, improve processes and improve systems. You asked about reporting: we have a strong reporting culture, and I acknowledge that the time it took for that incident to be reported to the authorities was entirely unacceptable, and we took a lot of time and effort to reflect on how that happened. We have a reporting expectation of three hours from any incident to a central team. And then of course every incident needs to be reported to the authorities within 24 hours. And that is an ongoing process for individuals, for educators and for their leaders who are then having to share that up. And then if an educator does not feel comfortable in reporting or does not feel like anything has happened, what we will do is ensure that they have got access to other mechanisms to ensure that that can be reported.

**The CHAIR:** My time has actually run out, but I am wondering if it is possible for you to provide that on notice to the committee to understand your child safety system. We just heard from the previous witness. They have got an escalation system. Is it possible for you to provide to the committee what kind of system you have in place to ensure that reporting?

**Anna LEARMONTH:** Of course. I mean, I am happy to share it, but I am happy to also provide it.

**The CHAIR:** I have also run out of time, so I am sorry.

**Anna LEARMONTH:** No, all good.

**The CHAIR:** I will hand over to our Deputy Chair Mr Galea.

**Michael GALEA:** Thank you, Chair. Thanks, Ms Learmonth, for joining us.

**Anna LEARMONTH:** Pleasure.

**Michael GALEA:** In your opening remarks, you talked about welcoming the doubling of funding for the regulator, and of course it is a new independent regulator. You also raised concerns around national consistency. I would like to ask you – and obviously the federal government previously vacated the space of funding for regulation: do you see the Commonwealth government as having a bigger role to play in both resourcing and also overseeing regulation in the sector?

**Anna LEARMONTH:** If I can just repeat your question so I can understand it: do I see if there is an increasing –

**Michael GALEA:** A greater role for the Commonwealth.

**Anna LEARMONTH:** Greater role – thank you for that clarification. I strongly believe that at both the state and the Commonwealth level both authority systems have a responsibility. We do know that just recently at the education ministers meeting a decision was made to dramatically increase some fees that services pay in order to support the funding of increased regulation at the state regulator level. We are fully supportive of the state regulators being fully resourced, because we do know that through perhaps some underfunding or not quite enough resources, in some states it took far too long for services to be visited. We also know that the Commonwealth have introduced some funding and they are now visiting services to assess childcare subsidy

compliance and adherence. I would suggest that both levels of authority or regulator need to ensure that they have the adequate capacity for the system that is the early childhood care system in this country.

**Michael GALEA:** And indeed it is a system that has grown quite significantly.

**Anna LEARMONTH:** It has grown significantly. My understanding is the regulator across states has not grown proportionately, which has I think limited their ability to properly supervise us, if you like.

**Michael GALEA:** Thank you. You did say in fact in your opening remarks as well that there are 27 centres operated by OAC in Victoria. Do you have a breakdown of which of those are meeting, exceeding or working towards the national quality standards?

**Anna LEARMONTH:** We have 26 that are rated – one is not yet rated; it is a newer service. Of the 26, all are meeting and exceeding. Six of these are exceeding, which is about 23 per cent of our portfolio here.

**Michael GALEA:** That aligns with my very rough back-of-the-envelope calculations from before, but it is good to have the actual figures from you.

**Anna LEARMONTH:** Pleasure.

**Michael GALEA:** That is actually significantly higher than the typical ratings for the private sector. Firstly, if I can ask, what do you think sets you apart from those other services? Also, what do you think explains the disparity in those outcomes between the private and not-for-profit sectors?

**Anna LEARMONTH:** Look, I am not going to offer an opinion necessarily on what others do. But what I will say is that at Only About Children we absolutely put children at the centre of every decision we make, and we have got a range of support teams to support our campus teams, centre teams, ensuring that they have a full what we call ‘campus leadership team’ with clearly defined roles and responsibilities – educational leader, assistant director, director – all with significant time, not in ratio, so that they can invest in great quality outcomes for children. I was at services yesterday in Victoria and just saw some extraordinary evidence of strong program and practice, really great supervision and great child outcomes. So I would suggest it is where we put our focus.

**Michael GALEA:** Thank you. On staffing, do you engage in the practice known as under-the-roof line methodology for your ratios?

**Anna LEARMONTH:** No, we do not. At Only About Children we have a really robust rostering and workforce management system that uses obviously the ratios as an absolute baseline guide, but depending on the service and the children in that community, we will more likely be above ratio. We certainly do not do under-the-roof.

**Michael GALEA:** We have had some providers come to us and defend or try and explain why they use it as necessary or justified. Why do you take a different approach?

**Anna LEARMONTH:** I have worked at both Only About Children and a very large not-for-profit, and we have a real focus on the educators working directly with children and that being sufficient and appropriate for those children in that room and in that age group. We certainly have a view that the most appropriate ratios are when you have got strong, capable educators working directly with children in a room or in a specific age group, as opposed to across age groups. As I have not worked in systems where it has been under the roof, I do not quite understand how it works.

**Michael GALEA:** From your experience of seeing it implemented, though, do you think it is a reasonable standard that the whole sector should be held to?

**Anna LEARMONTH:** Absolutely.

**Michael GALEA:** Thank you. I was quite interested when you talked about the OAC casuals initiative. You do not employ any casuals that sort of work between different employers; you only have your dedicated team of casuals. Is that how it works?

**Anna LEARMONTH:** We have a large team of OAC casuals. They have the same induction, and they have the same training and oversight. They are committed to individual campuses. For some, they might go across a small number of Only About Children services with the same policies and same procedures. We have a very small number of agencies. Last year it was less than 3 per cent of our hours were agency, and it was where we needed a specific skill set like chefs or a qualification that maybe the service did not have.

**Michael GALEA:** Sure. And you said the training is all the same as it is for your permanent staff, and that is paid training, I assume. It is not on their own time?

**Anna LEARMONTH:** So we obviously have all paid mandatory safety training and all paid staff meetings. If we are asking them to come in and do tours or those sorts of things on a weekend or open days, all of that is paid.

**Michael GALEA:** Thank you. You said approximately 25 per cent of your workforce is this OAC casual cohort?

**Anna LEARMONTH:** In Victoria, yes.

**Michael GALEA:** In Victoria, thank you. And that it is by their choice, so if any of them wish to become part time or permanent full time, they have got the option to, or is it a bit more complicated?

**Anna LEARMONTH:** Absolutely, and we offer that often.

**Michael GALEA:** I am assuming you are probably very happy if they want that.

**Anna LEARMONTH:** Absolutely, yes.

**Michael GALEA:** Thank you. I do have some more, but I have gone over many previous –

**Anna LEARMONTH:** It is actually less. Sorry, it is not 25 per cent. It is about 20 per cent.

**Michael GALEA:** 20 per cent.

**Anna LEARMONTH:** But it is a group that we actively work with and often like to see if they will become permanent.

**Michael GALEA:** Thank you very much. That is my time.

**Anna LEARMONTH:** Pleasure. Thank you.

**Michael GALEA:** Thanks, Chair.

**The CHAIR:** Thank you. Thank you, Ms Crozier.

**Georgie CROZIER:** Thank you, Chair. Thank you, Ms Learmonth, for being here and your very comprehensive opening statement where you covered off a lot of information. I want to go to the working with children. You said it should be a risk-based approach, I think. In October 2022 the Ombudsman here made a recommendation to government that the working with children check should be strengthened – changes to the working with children check. The government did not act on that. Can you just expand a little bit on your comments around that risk-based approach? And were you aware of what the Ombudsman said at that time, or was it more recently that you were made aware?

**Anna LEARMONTH:** I think the working with children check as a system, we the sector have been calling for national consistency in that for a long time. That was certainly part of the royal commission and then more recently through reviews like the Ombudsman report in 2022. We have a strong view that it should be risk based and child focused so that the moment an operator feels that they are seeing red flags or feels that an individual perhaps should not be working with children, they are able to raise it to the authorities and ensure that that individual can be actioned. We would encourage Victoria to take more of that risk-based approach rather than waiting for the criminal outcomes, which can frankly delay before we can sort of engage with the authorities. So yes, I was aware of it before more recently.

**Georgie CROZIER:** Thank you. When you say the sector had concerns for some time, particularly since the royal commission and certainly through the child abuse inquiry that the Victorian Parliament did – it was raised in that inquiry as well, so that is going back 12 years – who were you raising it with? Who was the peak body or the sector raising those concerns with? Was that within the Victorian government or was it federally? Who did they speak with?

**Anna LEARMONTH:** I would say all of those authorities. The way we work with government is we work through the Early Learning and Care Council of Australia representing large providers, and I know the CEO at the time Elizabeth Death was having many conversations at all state levels. We are part of – every state has a slightly different naming for this – the early childhood committees that exist, and at very many of those, this came up. We continued to say, particularly after the heinous crimes of the Queensland incidents that occurred –

**Georgie CROZIER:** When were they?

**Anna LEARMONTH:** When were they? That was the Ashley Paul Griffith cases, and that really only worked through the courts in the last few years, but I understand the offending was earlier than that.

**Georgie CROZIER:** My point is it was not just last year; it was some years ago, so that is what you are referring to.

**Anna LEARMONTH:** No, this has been going for some time, and I would suggest that at all of those forums, which we are not at – we do not have a seat at those forums, but ELACCA does on behalf of a range of providers, and we have been saying that a nationally consistent, risk-based, child-focused approach is what we think is one of the key steps that would really take us forward nationally. We know that the Attorneys-General are now working on a – I am going to call it a sort of an intermediary step, where each of the states' working with children check registers then bubble up through one. But we are yet to see what that looks like, and we would be very keen for that to be quickly developed.

**Georgie CROZIER:** So it was disappointing that the Victorian Attorney ignored that for some years until it was highlighted with the instance last year. We have heard evidence from a number of witnesses, and one in particular today, who have said that market-first approaches rarely work where safety, trust and continuity are essential. So they are effectively demonising the market or private sector, and you have said the mixed market is where families have choice. I am wondering, with your 26 or 27 centres, how many families would be impacted if you were taken out of the sector?

**Anna LEARMONTH:** In Victoria we have nearly 2400 – so 2391 families enrolled with us. So that would be about 1600 families across the 27 services.

**Georgie CROZIER:** What do you say to those witnesses that basically are demonising your part of the sector? Given the standards that you apply and the very robust safeguards that are in place, what do you say to those people that say quite openly, as they have said in this inquiry, that profit before safety is effectively what you all work towards? I am generalising the accusation, but –

**Anna LEARMONTH:** I have many conversations with people across the sector in a variety of roles. My comment is pretty consistent – that really operators and services should be measured on child outcomes. They are measurable – we can see those – and that should be independent of the ownership structure, in my view. We know that the three most critical things that support great child outcomes are extraordinary educational programs, great relationships with children by highly qualified educators and good physical environments. Operators, irrespective of ownership structure, who are focused on those outcomes should not be – should absolutely have a role to play in this sector.

**Georgie CROZIER:** I agree. Thank you. Could I ask you about – you talked about grants expiring in 2026.

**Anna LEARMONTH:** Oh, yes.

**Georgie CROZIER:** Could you expand a little bit more on that for the committee?

**Anna LEARMONTH:** Yes. The worker retention payment, which is the Commonwealth-funded provision to provide educators 15 per cent above the award rate – now, we already pay above the award rate, but then the 15 per cent above the award rate came in two years ago and initially came in as a 10 per cent payment and then

a 5 per cent on top of that. That is due to expire in November 2026. Now, as part of access to that grant, for which we were one of the first applicants and received the grant in January 2025, we are required to keep a cap on fees and do a range of things, and we are strongly supportive of educators being valued financially for what they do for this sector. We have been having ongoing conversations with the Commonwealth about how that is going to appear following November 2026. We have had the Fair Work Commission gender undervaluation case, which has clearly indicated that this is a sector that needs to be recognised for the really important work that our educators do. But that grant, the worker retention payment grant, is due to cease from the federal government at the end of this year.

**Georgie CROZIER:** Thank you. Thank you, Chair.

**The CHAIR:** Thank you. Thank you, Dr Mansfield.

**Sarah MANSFIELD:** Thank you. Thank you for appearing today. We have asked a number of providers about this issue, but does Only About Children provide financial incentives for centre directors based on achieving certain KPIs?

**Anna LEARMONTH:** Yes. Our remuneration structure for our service directors, campus directors, is a combination of obviously base pay and, depending on their qualification, that will increase their pay. We pay significantly above the award for our directors, and we do provide an incentive with a clear gate or minimum requirement around particularly compliance and safety, before anything else, like family engagement scores, can be considered.

**Sarah MANSFIELD:** How long has compliance and safety been a gate for those incentive payments?

**Anna LEARMONTH:** I think it has been for some time, but can I take that on notice.

**Sarah MANSFIELD:** That would be great. Thank you. Do you have a view on having incentive structures generally but also having safety and compliance included in that incentive could create a perverse incentive to minimise reporting or try and get around incidents or breaches being uncovered because there is potentially personal financial gain at stake?

**Anna LEARMONTH:** I strongly believe that we need to be rewarding our leaders of our campuses strongly and robustly. I believe that in a culture where proactive reporting is both encouraged and championed and where we welcome transparency at every level of our services I do not think it is a perverse incentive at Only About Children, but I can recognise how that might appear in other operators, but I do not believe that is the case at OAC.

**Sarah MANSFIELD:** You have said that your organisation values transparency and reporting. Do you publicly report on breaches or compliance directives?

**Anna LEARMONTH:** As required by the national quality framework, NQAITS, which is the national system, obviously captures it all, and we have compliance notices et cetera that appear there. We also, with the more recent changes, fully support the transparency measures that have been recommended where any service's compliance breaches are publicly displayed. We are just waiting in Victoria for the format of that, so they are not yet publicly displayed in our services here; we are just waiting for that. But it is in existence in New South Wales and Queensland services. I am fully supportive of that, because I think it encourages the right conversation with families and educators. It is about 'How does this not happen again?'; let us have a conversation with families about 'Why did it happen? What happened?' so that everyone is really clear.

**Sarah MANSFIELD:** What is the hold-up in Victoria?

**Anna LEARMONTH:** I understand – and from my team – that there is a request that the format or how that is displayed is in a template, and we are just waiting for that template to be finalised.

**Sarah MANSFIELD:** Who needs to provide that?

**Anna LEARMONTH:** It will be VECRA. I know they are pretty busy doing a few things at the moment, and I know that they are on to it. As soon as that occurs we will be able to display them in our services.

**Sarah MANSFIELD:** Thank you. Only About Children is owned by Bright Horizons, a US childcare company. Your centres receive significant public funding via the child care subsidy system. Can you tell the committee how much of the revenue generated in your Australian centres ultimately flows to the parent company?

**Anna LEARMONTH:** We have a January-through-December financial year, so 2024 is our last recorded accounts, and we are just finalising 2025 at the moment. We had a revenue of about \$220 million. No dollars were returned to the US business. We made a significant loss for that year.

**Sarah MANSFIELD:** Another issue that has come up is the idea that there is not really a lot of regulation about where an early learning centre can be opened up. We have got maldistribution that has occurred as a result of that, where you have got concentrations of ECECs in typically metro areas where parents can afford the childcare fees and it is more profitable to run a centre there and then areas where there are, for want of a better word, childcare deserts, where it is just not worth opening up an ECEC. Would you support greater regulation to ensure that there is better mapping of these services to community need?

**Anna LEARMONTH:** A couple of things there: I absolutely acknowledge – and we see it and feel it – that there are some micro locations that far too many operators are operating in. There might be two places for every child, even in the age range of one to six. So there absolutely is that issue. I would suggest that there absolutely needs to be some way of managing that process and that development process, because I was just in services, as I said, yesterday where – and this is actually in Mernda – there are probably 20 services within a 1- or 2-kilometre radius, and it is just far too many services. There are not enough educators. What will happen is those services will become unsustainable, and that can actually impact safety and quality. So I do absolutely support some mechanism to help the sector manage the supply and the upcoming supply of services, both across metro and of course regional services. I know the Commonwealth government have introduced the Building Early Education Fund, which they are trying to work on, but that is only applicable for not-for-profits, so we are not party to what that looks like.

**Sarah MANSFIELD:** Just finally, you have mentioned that you pay your staff significantly above award rates – or the centre directors. Is that the same for staff?

**Anna LEARMONTH:** Yes. It varies by position, but on average it is about 8 per cent above the award. Most of our directors are between 20 and 30 per cent above the award, and educators are closer to 5 per cent.

**Sarah MANSFIELD:** Do you feel it has an impact on retention?

**Anna LEARMONTH:** Look, I think it helps. I think retention is a complex issue. Educators often have challenges in locations, so certain locations will see retention being a bigger issue, particularly if the ability to get transport to there or the ability to live around that community is harder. That is where we see it. Only About Children has a number of services in the Brighton corridor and the inner east, where it is very difficult to keep and retain educators if they have to travel vast distances with limited public transport.

**Sarah MANSFIELD:** Thank you.

**The CHAIR:** Thank you. Ms Bath.

**Melina BATH:** Hello.

**Anna LEARMONTH:** Hello.

**Melina BATH:** Thank you for your submission and your very good contribution today. I just want to pick up something that you said at the very start – that your mother drove a 90-minute round trip. Now, in the Parliament, in the chamber, when I hear members talk about the frustration about the double drop-off, my comment is that regional people are desperate for the double drop-off, because it means that they have a school and a childcare service in the same town. So acknowledging that, with that in mind, I just want you to talk about whether any of your 27 centres are in the regions at all, or are they all predominantly in Melbourne?

**Anna LEARMONTH:** No, they are in the regions. We have some down in the Geelong area. We have some out – Woori Yallock is deemed regional and then actually Eynesbury is also deemed regional.

**Melina BATH:** Not as regional as in my mind, but I am hearing you and I accept that indeed.

**Anna LEARMONTH:** One of the reasons for that is we want to ensure that any of our services is connected to other services, so as we grow we think about that footprint really carefully.

**Melina BATH:** Sure. Could you talk a little bit then about thin markets and what are the specific pressures of those thin markets in the outer ring of your service providers? Do they face any significant barriers there in terms of workforce or in terms of training and RTOs and TAFEs and unis and things? Do you want to talk us through that?

**Anna LEARMONTH:** Thank you. They absolutely do. Thin markets, and it might be thin – we often see communities where the demand is absolutely there, but either the physical facilities and/or the team to enable that facility to run are just not there. So we have to think very carefully about how we service that market. That may result in actually reducing the number of children we can take so that we can have the right level and the right qualified OAC staff in those locations.

**Melina BATH:** Would that mean that sometimes within the footprint of the building that you are providing a service in you can expand the service within that footprint? Is that something that you potentially –

**Anna LEARMONTH:** We can. A few things: the physical location obviously has to be adequate to serve the demand. We might have licensed places that cater to a demand, but if we do not have the team, we will not operate those places. We have just recently expanded our Woori Yallock service by 15 places, and again, we will not open those spots until we ensure that the team is well trained and cohesive as a team before we open it up. Sometimes it is physical constraints, and I did mention that property can be a real constraint in this sector. What used to be about 15 to 17 per cent of our cost base is now nearing 22 to 25 per cent, and that is –

**Melina BATH:** Buildings, rent, all of those sorts of things.

**Anna LEARMONTH:** It is mostly lease costs. So where a landlord chooses how much to charge an operator on the number of places in the building, not on the number of children that attend, that can be extraordinarily constraining. There are some landlords that perhaps see the government's support of this sector and choose to put a lease cost per place that is unsustainable for the operator without raising fees. As we are part of the Commonwealth worker retention payment, we cannot raise fees to meet those increases in rental costs at the moment.

**Melina BATH:** So there are tensions there.

**Anna LEARMONTH:** Yes.

**Melina BATH:** On one of the first questions you were talking about child safety systems in OAC and the escalation in the platform, and you said you would take it on notice. Now is your opportunity to come back to that, please.

**Anna LEARMONTH:** Oh, okay. As I mentioned briefly, we have a system whereby we strongly encourage and train every individual in a service that they are a reporter, so that if they see something, they need to say something. We start very much at the educator level – everyone in a service – so that they know exactly what they are looking for and how they can report it and make sure that they raise it forward. We require our services to report that to us internally within three hours, and then we report to the authorities within 24. We have daily, weekly and monthly reviews of all of those incidents. I receive every reportable incident in my inbox. I make sure I have seen them every day. And if there is something that I think we need to highlight or have another conversation about, I will absolutely have that in same-day conversations. We have a weekly summary around what has occurred for the week: what are our lessons? What are our communications that have gone to the network around that? And then on a monthly basis we do a deep dive in something we call a quality and compliance committee, which looks across every incident, looks across 'What are the learnings we've had? What are the closed-loop processes?' so that all of our network can learn from the experiences that we have had. So it is a very robust system, and then we feed that back into training, often at staff meetings, because speed of learning is really important. We had an incident recently, we had communications out to our network the same day and we spoke to every director and said, 'Have you seen it? Have you thought about it? Have you acted?'

**Melina BATH:** Given that, and given even the discussion that we just had about lease costs, that is quite a comprehensive and complex system that you have got there, which costs, doesn't it? It has an input cost, I am assuming, to run that and the child safety assessment and platform and escalation system. Without providing nth degree or taking it on notice, what sort of proportion of your overall cost basis would that require to be completed?

**Anna LEARMONTH:** How fees and how costs are distributed is something we often talk to our services and our families about. About 73 per cent of our costs are labour – the teams and all the on-costs that come with that. About 22 per cent at the moment is lease costs, facilities and maintenance costs. The moment there is something in a service that needs fixing, we have got a dedicated OAC facilities team that have, clearly, the training and all the checks and balances, so we do not outsource that.

**Melina BATH:** I am going to put a question in before the buzzer goes.

**Anna LEARMONTH:** Okay.

**Melina BATH:** You have got 73 labour, 22 lease et cetera. Can you provide a rough total of what it would cost per centre?

**Anna LEARMONTH:** If we think of the last financial year's results, it was well over 100 per cent, because you have got to obviously add controllables and things like that. I am happy to provide that and a pie chart.

**Melina BATH:** Yes. That is right. I know it is your business, so you have got commercial in confidence, but it is really interesting to understand. I think sometimes in the past there has been a for-profit, trailblazing, making-piles-of-money perception, but the input costs are significant, aren't they?

**Anna LEARMONTH:** Yes, I think some of the key differences in input costs that exist are for rental costs. Lease costs are often significantly higher in a for-profit arrangement. They are usually commercial arrangements, and often not-for-profits have peppercorn rents or maybe use land owned by churches or authorities. And then the other thing is there are absolutely elements that we need to pay just because we are for profit, like payroll tax, for example. We spend well over \$10 million a year in payroll tax, where a –

**Melina BATH:** Victorian payroll tax?

**Anna LEARMONTH:** That is national, so I would need to come back to you specifically on Victoria.

**The CHAIR:** Thank you very much. Ms Ermacora.

**Jacinta ERMACORA:** Thank you. Thank you very much for appearing today.

**Anna LEARMONTH:** It is a pleasure.

**Jacinta ERMACORA:** I am learning a lot about the private sector childcare area. I know Dr Mansfield asked what is significantly above award, and I did not hear the answer. I think it is your centre leaders, the senior people that –

**Anna LEARMONTH:** Our average across all the team is approximately 8 per cent, and then our directors are – and this ranges – between 20 and I know one of our directors is more than 35 per cent above the award. Remember also that now with the worker retention payment they will have the award plus 15 per cent and then plus the amount that we pay them above the award, so it is quite a complex structure at the moment with the worker retention payment.

**Jacinta ERMACORA:** Thank you very much. I am not sure if you can answer this for me but just having a look at the revenue and loss, eight of the privately owned childcare providers make a loss. G8, Guardian, Affinity, Busy Bees, Only About Children, Story House, Edge Early Learning and Camp Australia lost \$440 million last year. That is a lot of money. Two of them made a profit, according to what they have declared. That must be used to write off something. Being internationally owned, does that assist with writing off other profits that are earned internationally?

**Anna LEARMONTH:** I certainly am not going to sit here with all the detail around the financials. We are a very contained individual unit of Bright Horizons globally, and the losses we incurred – and I cannot speak for others – since the acquisition by Bright Horizons are really a reflection of the investments that we have been making in a range of things: in above award wages, in the training that we have been doing both internally and externally, as well as investing in what we call our capex. We have been doing significant uplift in play spaces, in physical buildings et cetera, painting, a whole range of things. We are a fully contained financial unit, and part of the investment that Bright Horizons is making is that we do support working families, so actually my Bright Horizons colleagues partner with organisations. They actually partner with companies to provide care for their employees' children. One of the opportunities that we are working on is partnering with businesses to ensure that where perhaps their employees do not have care we can provide some backup care for them. It is a long answer to a question that really says, for Only About Children, it is about our contained unit and investing accordingly in children's safety, educators and our physical buildings.

**Jacinta ERMACORA:** Making capital investments for sure is often a temporary thing, and it might impact on losses for a year or two. Do you intend to make a profit at some point?

**Anna LEARMONTH:** What I would hope is that we can become sustainable. I was recently with some Bright Horizons colleagues, and we are focused on being sustainable, which is not significant losses. But they are a long-term investor in this sector globally, and they absolutely acknowledge that there is some work to do in our portfolio, whether it is on physical buildings et cetera, and they are comfortable with where we are at right now.

**Jacinta ERMACORA:** Okay. I just want to go also to the regulatory environment. The rapid review outlined a suggestion or a recommendation of more penalties for offences, as recommended. Do you support that as a concept?

**Anna LEARMONTH:** I would suggest that the most recently proposed increase in penalties, which differentiates on ownership structure and operators versus individuals, is not the right regime for achieving the outcomes we want. I believe that – and I believe it has been discussed earlier today – we have a real risk in this sector with personal penalties for things that educators cannot clearly understand. We are seeing educators wanting to leave this sector because of the punitive nature of some of the penalties proposed, so I think the penalties regime would warrant a significant review.

**Jacinta ERMACORA:** It is interesting that the financial incentive works one way but not the other way.

**Anna LEARMONTH:** Sorry, just some clarity for that?

**Jacinta ERMACORA:** So providing incentive payments to staff on performance and so on and above-award wages – that is something that motivates staff, but a negative of that does not?

**Anna LEARMONTH:** I would suggest that the disparity between the amounts is what might want to be considered. For example, when we talk about financial incentives for our team, we are talking about a few thousand dollars. A director might receive, \$1000, \$2000, \$3000 for doing a really great job. I am pretty sure I am right with this on this specific one, but the current penalty that an educator risks with the new digital device policy, where they are fined for having a digital device on them in a service, is, on the spot, something like \$3500 to \$4000, and they could be prosecuted and be charged \$35,000, roughly. That is significantly disproportionate to their total wage, and the risk and the fear that creates is I think entirely unacceptable for these educators. The vast majority of them do an extraordinary job every day.

**Jacinta ERMACORA:** Thank you. My time is up.

**The CHAIR:** Thank you, Ms Ermacora. Thank you very much, Ms Learmonth, for your time and your evidence and contribution this afternoon. We really appreciate it. That brings our session to a close. You will get a copy of the transcript for review in about a week's time before it is published, noting also that there are some requests from colleagues for information on notice.

We will now reset for our next witness and come back at 3:05.

**Witness withdrew.**