

# **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 – Monday 25 May 2026

#### **MEMBERS**

Anasina Gray-Barberio – Chair

Michael Galea – Deputy Chair

Melina Bath

Georgie Crozier

Jacinta Ermacora

Sarah Mansfield

**WITNESSES**

Tony Bates, Secretary,

Bronwen FitzGerald, Deputy Secretary, Early Childhood Education, and

Justin McDonnell, Assistant Deputy Secretary, Strategy, Practice and Safeguarding, Department of Education.

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

I would like to begin this hearing by respectfully acknowledging the Aboriginal people, the traditional custodians of the various lands we are gathered on today, pay my deep respects to their ancestors, elders and families and particularly extend a warm welcome to any elders or community members who are here today to impart their knowledge of this issue to the committee. I also welcome members of the public in the gallery or watching via the live broadcast.

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 you please each state your name and organisation you are appearing on behalf of.

**Tony BATES:** Thank you, Chair. Tony Bates, Secretary, Department of Education.

**Bronwen FitzGERALD:** Bronwen FitzGerald, Deputy Secretary, Early Childhood Education, Department of Education.

**Justin McDONNELL:** Justin McDonnell, Assistant Deputy Secretary, Strategy, Practice and Safeguarding, Department of Education.

**The CHAIR:** Thank you all. We are now going to introduce ourselves before I invite you to make an opening statement. I am Anasina Gray-Barberio, Chair and Member for Northern Metro.

**Michael GALEA:** Afternoon. Michael Galea, Deputy Chair and Member for South-East Metro.

**Jacinta ERMACORA:** Hello. Jacinta Ermacora, Member for Western Victoria Region.

**Georgie CROZIER:** Good afternoon. Georgie Crozier, Member for Southern Metropolitan Region.

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

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

**The CHAIR:** Thank you, Dr Mansfield, and thank you all. I would now like to invite you to make an opening statement. I will just put the timer on. Thank you very much.

**Tony BATES:** Thank you, Chair. Can I also acknowledge the traditional owners of the land we are meeting on today, the Wurundjeri people of the Kulin Nation. I pay my respects to their elders past and present.

Can I also acknowledge the distressing allegations of child abuse that this committee is looking at. The department is really conscious of the harm caused to the children and their families who are related to those allegations. Every child has a right to be safe and to learn and thrive in all Victorian early childhood education and care settings.

The Department of Education is working with our colleagues across government and across the early childhood and care sector to protect the wellbeing and safety of Victorian children. Since we appeared at the inquiry last year we have made significant progress against the actions outlined by the *Rapid Child Safety Review*. We have supported the government to implement 31 out of the 40 subrecommendations across the 22 recommendations that the rapid review made. The remaining nine subrecommendations are on track to be delivered within the timeframes outlined by the review, which is pretty much heading for August this year. We have successfully advocated for and implemented reforms to the national ECEC system and are continuing to work to lift quality and strengthen children's safety as part of the Victorian government's critical role as a kindergarten system steward in Victoria.

From 1 January 2026 the Victorian Early Childhood Regulatory Authority, VECRA, started its operations as Victoria's strengthened independent early childhood education and care regulator. From the outset I will note that now that VECRA is established, a lot of the operational enforcement matters relating to its activities have been transferred from the department and we now have a paper wall between the department and VECRA, so we really do not have as much detail on current operational activities. A lot of the files have been transferred over to VECRA's care and management going forward. With VECRA now established independent of the department, we have really moved our focus onto the system stewardship for Victoria's kindergarten system.

### Visual presentation.

**Tony BATES:** As the slide shows, the government has invested a total of \$8.2 billion in the Best Start, Best Life reforms. This funding has allowed the government and the department to provide more hours of early childhood education and care across both three-year-old and four-year-old kindergarten, with additional supports for communities and cohorts who most need support to access kindergarten services. It has also driven an uplift in quality and safety across the sector. Whilst significantly expanding kindergarten programs, we have also maintained the highest percentage nationally of ECEC services meeting or exceeding the national quality standards, with Victoria sitting at 96 per cent. Contributing to this has been our support for our highly skilled early childhood workforce and professionals. Through the department's kindergarten workforce strategy we have invested in improving the supply and retention of kindergarten staff. This investment is safeguarding the system from any quality and safety issues that may arise from workforce shortages. These programs are also improving the skills and capabilities of the workforce, supporting them to provide quality education and care and prioritising children's safety.

We are investing directly in quality, inclusion and safety through programs such as our kindergarten quality improvement program, school readiness funding and teaching excellence program. Since 2015 the Victorian government has invested \$3.8 billion in building and expanding kindergartens and early learning centres. The department's role is to advise on where services are most needed, deliver kindergarten infrastructure through the Victorian School Building Authority and, through Early Learning Victoria, deliver long day care in areas of greatest need within Victoria. The government's kindergarten infrastructure investment has gone to communities who need it the most and is solely provided for access of not-for-profit providers.

In October 2025 the department launched the kindergarten audit and assurance program to make sure kindergarten funding is being invested in safe, quality services, and this is separate to the activities of VECRA. Where we find services that are not using funding appropriately, we will take action that may include recovering funds or terminating funding agreements with the department. Through this funding lever, we work collaboratively and share intelligence with VECRA to collectively identify and, where needed, take action against high-risk providers and individuals.

As announced by the government at the start of this month, the 2026–27 Victorian budget invests an extra \$26.2 million over four years and \$5.2 million ongoing to deliver enhanced regulatory and enforcement activities by VECRA, including more compliance checks at early childhood education and care services across the state. This is on top of VECRA's share of the government's \$137 million investment made last year to support the implementation of the rapid review recommendations. These new investments in VECRA's workforce will increase the number of both frontline inspections staff and specialised investigation staff. Further, legislative reforms have strengthened information sharing between regulators and other authorities. These reforms have improved VECRA's ability to identify high-risk individuals and prevent them from moving across service systems. Alongside this investment, the government has continued to advocate to the Commonwealth to reinstate and increase funding for state and territory regulators to reflect the growth in the

early childhood system both in Victoria and across the country. I do note that this is one of the major recommendations from the rapid review.

Since December Victoria's advocacy and leadership have helped to drive national reforms that have implemented the rapid review recommendations. As host jurisdiction of the National Law, Victoria led the drafting of legislative amendments to strengthen the child safety legal framework. Together with amendments to the *Social Services Regulation Act*, these reforms strengthen protections for children across Victoria's service systems. We were the frontrunner in establishing the Victorian early childhood register and implementing mandatory child safety training in 2025. These reforms and our advocacy have helped drive the successful establishment of the national early childhood register, which came online from 27 February this year, and the national child safety training course, which became mandatory from 27 March this year.

While Victoria is taking strong action, further Commonwealth leadership is needed to improve children's safety in early childhood settings. This action includes rethinking the design of the early childhood system composition, with a priority on safety and quality; strengthening Commonwealth stewardship alongside states and territories to manage the market; a 10-year strategy to fundamentally consider the design and growth of the system going forward; and the Commonwealth looking at the child care subsidy, which has driven a lot of the market growth. It should be prioritising affordability but has not been as supportive, and it has encouraged more for-profit providers to enter the sector. The Commonwealth childcare subsidy also does not appropriately incentivise experts for rural services or in disadvantaged areas, and most importantly, it does not provide financial incentives for quality and safety in the early childhood setting. Future funding arrangements must support quality and safety while maintaining affordability and access. The sector also needs a more planned approach to workforce growth and quality and greater recognition of the workforce's value in delivering safe and quality services.

In addition to reinstatement of the Commonwealth's funding contribution to state and territory regulators, stronger national action is also needed to improve training and placements for staff, including stronger national powers to address poor-quality registered training organisations who are running courses for staff in our early childhood sector. We welcome the recent announcement by the Commonwealth of the intention to explore a national early childhood commission, and we look forward to working in partnership with the Commonwealth on that important reform.

The rapid review made clear that improving safety and quality in the early childhood education and care sector cannot be achieved by states alone. Commonwealth leadership, in partnership with states and territories, is essential for us to deliver systemwide reform and safety. We remain committed to taking every possible action we can to protect Victorian children, both here and through our advocacy in the national space to those important reforms that I have mentioned. Thank you, Chair.

**The CHAIR:** Thank you very much, Mr Bates. We appreciate that. I might start with our line of questions. Can I please ask: I understand that annual licence fees for early childhood education services will increase between 242 per cent and 1038 per cent. Has your department done any modelling on the impact this may have on the distribution of services in the private and non-profit sector?

**Tony BATES:** Thanks, Chair. I would not say we have done modelling on distribution and where services will or will not open. We have done quite a bit of modelling on the price impacts on the services and particularly the potential flowthrough to parents and carers. Even at the high end that cost increase would be in the order of 20 to 30 cents per day. Our view is that it is important that the sector, particularly the for-profit sector, which is where those bigger increases that you alluded to will come from, should be making a relevant and substantial contribution to their regulatory costs. I know, just looking at a couple of the big ASX-listed companies, one of them had in 2024–25 total revenue in excess of a billion dollars per year, and the cost of that regulatory fee in Victoria would be around \$800,000. So we think –

**The CHAIR:** I guess that line of questioning is for smaller service providers more than the bigger ASX companies that you referred to. Do you anticipate any risks with this increase in the model?

**Tony BATES:** Again, at that price point, being 15, 20, 30 cents a day, we do not think that will have a significant impact on the operation of any services.

**The CHAIR:** I asked this of the regulator before: is part of the collection of this extra money going to the regulator, VECRA?

**Tony BATES:** Yes. The education ministers at their meeting last year had a group commitment across all the ministers that the funding from the increased fees would go back towards regulatory and safety activities. So yes, we expect that the fees will offset some of the recent funding that has been announced, but as the fees grow in the future, we expect that will go to enhance operations of the regulator, particularly as the sector continues to grow.

**The CHAIR:** Okay. Thank you. Just in relation to, obviously, the regulator moving out of the education department and now being its own independent regulator, how many staff have gone across from QARD into VECRA?

**Tony BATES:** I think we transferred – I might just ask Deputy Secretary FitzGerald to check that – approximately 180 staff.

**The CHAIR:** 180, did you say?

**Tony BATES:** Yes, 180, 170. But effectively VECRA's budget is, in simple terms, doubling.

**The CHAIR:** So how many staff were in QARD in total? They were obviously working in that regulator. Obviously it might be more than 180.

**Tony BATES:** I am just checking my notes here. I will just see if the Deputy Secretary has got the number at hand. But VECRA will become 340 staff when the announcements in the most recent budget are fully online. It was around 170, 180 when we transferred in January.

**The CHAIR:** The staff coming from QARD to VECRA?

**Bronwen FitzGERALD:** Yes. I think the VECRA witnesses who you heard from previously would have mentioned an authorised officer number. There are other staff that do investigations and other specialist activity that are in addition to that to those 90 authorised officers, so the staffing transfers, both the authorised officers and the head office investigations and enforcement and licensing staff.

**The CHAIR:** Would we be able to get a breakdown of that on notice?

**Bronwen FitzGERALD:** I am sure we can provide that.

**The CHAIR:** If there were any executive team members that moved across, how many authorised officers and, like you said, investigations team –

**Bronwen FitzGERALD:** Yes, and the specialist staff.

**The CHAIR:** Yes, specialist staff. Thank you.

**Tony BATES:** I can just give some of that now, Chair, if that helps, in terms of what they will become at full operation.

**The CHAIR:** Is it okay to get on notice? The clock is running down.

**Tony BATES:** I understand.

**The CHAIR:** Thank you, Mr Bates. Can I just ask another question. I just want to go back to where we are at the moment. Obviously QARD had enforcement powers under their functions and powers – no, sorry, wrong question. I just want to talk about what VECRA had spoken about earlier around ensuring that government agencies, regulators are not working in silos – that there is a coordinated approach to being able to pick up individuals working across services. What is your relationship with the VECRA? What will you be able to help VECRA with in regard to information sharing?

**Tony BATES:** With the amendments that the Parliament passed, there is now a firewall, can I say, between the operational elements of what VECRA does and what the department does. The thing I will say that we are

doing is supporting particularly some of the other portfolio regulators in the department – the Victorian Institute of Teaching, for example. Where we can we are working with the different regulators to make sure that VECRA has strong relationships with the other regulators so they can share information.

**The CHAIR:** So you are just facilitating that transition.

**Tony BATES:** Yes.

**The CHAIR:** Okay.

**Tony BATES:** I will say we do support VECRA with their IT systems. So we are also making sure that they have got state-of-the-art IT systems that can enable secure information sharing. I think you may have heard earlier that they are using the new system from ACECQA, the national register. We did have the interim register that the department was operating, so we had that running five or six months before the Commonwealth system. We are maintaining that old register, which gives them a look-back ability beyond the new national system that came online at the end of February.

**The CHAIR:** Great. Thank you. You also spoke in your presentation about workforce capability. An article came out today around enrolments in early childhood education courses dropping – a 1600 net drop in enrolments specifically for early childhood courses in TAFE. How are you responding, given the fact that there is a shortage crisis of early childhood educators? How are you supporting women or whoever would like to be an early childhood educator? What they are saying, according to this report, is that there is no flexibility in times for early childhood students to be able to undertake these courses. How are you responding to that as a department?

**Tony BATES:** I might just ask Deputy Secretary FitzGerald to talk a little bit about what we are doing there.

**The CHAIR:** Please, if you do not mind just answering, and then anything else you can take on notice, because I have run out of time.

**Bronwen FitzGERALD:** The first thing to call out is that the data that you are referring to is a point-in-time change year to year off a base where significant growth in the sector has been shown. The best proxy we have for workforce supply adequacy is the percentage of regulatory waivers that are present, and in Victoria that is, by some margin, the lowest in the country at 0.8 per cent. The national average is 5.8 per cent, and some jurisdictions get up into double digits. So we are seeing positive supply in Victoria, and we have got a range of programs that support supply, in addition to making sure that we are supporting the right people into the sector and that we are helping them find the right roles in the right places.

**The CHAIR:** Okay. Great. Thank you. Thank you, Deputy Chair.

**Michael GALEA:** Thank you, Chair. Good afternoon, Secretary and officials. Thank you for joining us. When the department was last before our committee late last year we were at a different stage. We did not have the national register up yet, but we were well underway with the Victorian one. In terms of the National Law changes that have come into effect – you have touched on it a little bit in earlier answers as well – why is it so critical to have a national approach on this issue and not just leave it to state by state?

**Tony BATES:** I might ask Deputy Secretary FitzGerald just to speak about that a little bit, Deputy Chair, but part of it is that we know families move across different state borders, so we want to try and make sure that there is a consistent set of expectations. I think we spoke to the committee before about the Starting Blocks website, so there is nationally consistent information available about quality. It is the same rating system across the country. But also, because we do know that we have a number of providers that operate across state borders, it is making sure that we have got a consistent set of regulation on those providers. It does make it easier for business, which is what we are all about, because if the regulations are clear then there is a better chance that they will be providing high-quality and safe services for children. I might just ask the deputy secretary to talk about that a little bit more.

**Bronwen FitzGERALD:** The other element is obviously the consistency of regulatory practice across jurisdictions as well. VECRA has an equivalent in every state and territory. Obviously, as the Secretary says, there are a range of providers who do operate across more than one jurisdiction – some of them are quite small;

some of them are of larger size – and so on the provider side it is important for the efficiency and effectiveness of their operation and therefore their achievement of quality for them to be operating with equivalent practices in different services. On the regulatory side it is quite important, if regulators are working together in relation to a particular provider or a set of services, that the laws and regulations that they are applying and the compliance they are expecting to see in services are consistent and that they can undertake joint regulatory actions effectively if they need to, so I would add that regulatory dimension to the comments that the Secretary has just made.

**Michael GALEA:** Thank you, Deputy Secretary. With the establishment of VECRA from 1 January this year and, excitingly, today the announcement of the new regulator of VECRA from 1 July, we have already been through in another forum recently, the budget estimates hearings, the budget allocation towards VECRA. With reference to budget paper 3, page 13, and the department's output initiatives, can you talk to me about the funding that is being put forward in this budget to enable VECRA to fulfil its duties, particularly in alignment with the rapid review and its recommendations?

**Tony BATES:** Thanks, Deputy Chair. Again, probably the key one I would call out is between the announcements after the rapid review and then the further funding that was announced in the budget – I think it was \$24.7 million I had in the slides before over the four years –

**Justin McDONNELL:** \$26.2 million.

**Tony BATES:** Thank you – that is effectively more than doubling VECRA's budget. If we compare it to 2024–25, the budget for this year, which is about to conclude, is more than doubled, and the budget for the 2026–27 year will be \$61.2 million. A lot of that goes to the recruitment activities we were talking about, so expanding the number of authorised officers. Authorised officers are really important, but VECRA is also expanding its intelligence functions, if I can use that description. I did see some of regulator Fennessy's comments earlier before about understanding the corporate structures that sit above and behind some of the services. There are important things there. There will be a much stronger data analytics capability. Again, I think in the rapid review it referred to breadcrumbs, so trying to find those early warning signs where services are of concern. I want to see if Deputy Secretary FitzGerald wants to expand on any of those ones.

**Bronwen FitzGERALD:** In addition to the centralised intelligence-gathering capacities, the other significant element is the growth in the authorised officer workforce. These are skilled, experienced individuals who enter into services and conduct visits and assessment and rating of services in their everyday practice. As I said earlier, the number of those authorised officers at the point where the QARD team moved to VECRA was approximately 90. That is going to double and grow to about 180. What that enables is more frequent visit cadence across years. Some of that will be for unannounced compliance visits, ones where the authorised officers will just come to the door of the service to enter and inspect the premises. That enables those unannounced compliance visits to become annual visits for all services. The other type of visit is what we call assessment and rating, or A&R, which is usually a longer visit with a kind of stepped-out process that enables the authorised officers to assess the rating of the service, which then becomes the published rating that parents and others can see about that service. The investment that has been made enables, in addition to the increase in frequency for the unannounced compliance visits, an increase in frequency for the assessment and rating visits to all services receiving an assessment and rating at least every three years, which – see my previous comment about consistent regulatory practice – is a national commitment that was made through education ministers.

**Michael GALEA:** Thank you. When you last appeared, last year, the Victorian workers register was underway, going it alone to do it as soon as possible. I think on 27 February this year we had the national workers register come into effect. What work has been done to facilitate that transition, and where are we along the transition point?

**Tony BATES:** Thanks, Mr Galea. I have to say, I was pleasantly surprised the Commonwealth actually got the register up and running as quickly as they did. It is not a thing I am used to seeing the Commonwealth do.

**Michael GALEA:** We will mark your praise for them.

**Tony BATES:** It is really pleasing that ACECQA have got the national register operating. My understanding is there around 200,000 records for Victorian staff on the national register, but some staff work two days here and three days there. We think it is around 170,000 individuals, and it is covering all services –

out-of-school-hours care. I am really pleased with the uptake. I think we are north of 98 per cent of services having uploaded their staff data. It is actually in a really good space and gives VECRA a very complete view of staff working in the sector from this point forward.

**Michael GALEA:** Excellent. Thank you. Thank you, Chair.

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

**Georgie CROZIER:** Thank you very much, Chair. Thank you all for being here this afternoon. My question is to Ms FitzGerald. In response to Mr Galea, or it might have been the Chair, around the numbers in QARD before VECRA took over, I think you said there were 180. The minister in the Parliament last November during debate said there were 242. So I am just wondering, out of the 242 that the minister told the Parliament there were, why is there a discrepancy with the number you are providing to the committee today? And then I have another question, if I may.

**Bronwen FitzGERALD:** There are a few different ways of cutting the data to which type of staff. So, for example, the authorised officers versus –

**Georgie CROZIER:** But you said there were 90 of those?

**Bronwen FitzGERALD:** That is correct, yes. On the 242 – and we can take this on notice, Ms Crozier, to clarify the specifics – the difference may well be number of individuals on pay and operating versus the overall positions, because at that point a number of the new positions had been provided to QARD in preparation for the transfer to VECRA but where recruitment was commencing. So we can –

**Georgie CROZIER:** No, no. The question was – and I will repeat it for you – to your knowledge, how many employees were at QARD? It was not about ongoing recruitment; it was about how many at QARD. The answer was 242, the minister's response – very cut and clean. In relation to the 90 authorised officers at QARD, that is 152 staff. What were they doing?

**Bronwen FitzGERALD:** As I said earlier, those staff are the staff that support the authorised officer workforce –

**Georgie CROZIER:** What, nearly two staff to support one authorised officer?

**Bronwen FitzGERALD:** As I said, I think we will need to take on notice and give you a breakdown of how we made up that –

**Georgie CROZIER:** Surely you should know. You were involved and overseeing QARD, and now we have had this shocking situation and this is why we are having this inquiry. If you do not know what your own personnel were doing – and I would say to you, the minister told the Parliament –

**Michael GALEA:** That is not what she is saying. She is not saying that at all.

**Georgie CROZIER:** No –

**Michael GALEA:** You are confronting her here.

**The CHAIR:** Mr Galea, I will just let Ms Crozier finish her line of inquiry.

**Georgie CROZIER:** Thank you.

**Michael GALEA:** You cannot put words in the witness's mouth.

**The CHAIR:** If you have a point of order, Mr Galea –

**Michael GALEA:** I do have a point of order.

**The CHAIR:** Yes. Go ahead.

**Michael GALEA:** Chair, I will just ask that Ms Crozier not put words in the witness's mouth, such as the accusation that Ms Crozier just made, which was not at all what Ms FitzGerald was saying.

**The CHAIR:** Ms Crozier, I will just get you to clarify your question.

**Georgie CROZIER:** Thank you, Chair. I am trying to get some clarification from the witnesses, Deputy Chair. The minister told the house that QARD had 242 employees. This committee today has been told that there were 90 authorised officers and much less staff than that. My question to the witnesses is: the minister has told us, in the Parliament, there are 242 staff. You are saying 90 are authorised officers. I am asking: what are the other 152 doing? And you are saying they are supporting those authorised officers. My clarification was: two of those are supporting 90 authorised officers – or nearly. Well over one supporting each of those authorised officers I think is really top heavy, and I think the committee deserves to understand what those 152 employees were doing, where they are now, how many have gone across to VECRA, given we are hiring more people? Are they hiring new people? Have those 152 gone across? Have the total numbers gone across? I think the committee needs to understand exactly who these people were, what they were doing, and where are they now?

**Tony BATES:** Ms Crozier, if I can help with some of it, and I think we have got an issue of –

**Georgie CROZIER:** My question was to Ms FitzGerald, Mr Bates.

**Michael GALEA:** Do you want an answer?

**Georgie CROZIER:** I want it from Ms FitzGerald.

**Michael GALEA:** They are there to answer your question.

**The CHAIR:** Mr Bates, if it is okay with you, Ms FitzGerald can start and then if she would like to defer to you, that is her choice. I will leave that up to you, Ms FitzGerald. You can answer as you see fit.

**Bronwen FitzGERALD:** In relation to your question about what the non-authorised officer workforce do, as I said previously, there are a range of specialist roles that cut across a few different categories. The first is investigations where there is a technical and a specialist investigation that needs to be undertaken. That is often not undertaken by the authorised officer in the region; they will input intelligence and information into that investigation, but it is conducted by a specialist team. There are also teams that undertake licensing, so the process of checking that providers are appropriate to enter the market, then physically checking the documentation but also checking the physical premises of services that are opening. Then there are a range of staff who are doing, for want of a more specific term, statutory enforcement actions, which are about taking action on matters where compliance issues have been found. They are some of the central office functions that the staff that you were referring to are doing. I think I will defer to the Secretary about the growth trajectory for VECRA, but as we have seen, the additional staff for VECRA have come in a number of tranches, and the first of those was in the middle of last year –

**Georgie CROZIER:** They have all gone across?

**Bronwen FitzGERALD:** That is right. All of QARD moved over to VECRA. They took all of their staff with them, and they took some additional capacities with them – some legal capacity, for example. But obviously VECRA is also in a growth phase, so the numbers are changing over time as new positions get created and recruited to and then the new recruits start.

**Georgie CROZIER:** Okay. Can I ask Mr Bates: in your slide presentation you said:

**Rethink of the national ECEC system** to prioritise quality and safety where the Commonwealth takes a more active stewardship role to manage the market

Can you just explain a little bit more to the committee what that statement aims at?

**Tony BATES:** Yes. Thanks, Ms Crozier. I think the issue we are seeing with how the Commonwealth have supported the expansion in long day care services in particular over the last 10 years is that they have not had what I will call a detailed planning lens. Proponents can open new services wherever they like, almost, and as long as they meet the important quality and safety standards that each of the state regulators set, then they get

approved for Commonwealth support through the long day care payment. The issue with those payments, though, is that the Commonwealth have not been doing any geographic planning, and I contrast that with what the state does in partnership with local government. We have got detailed statewide plans on where the population is, where the –

**Georgie CROZIER:** So that is being fed into the Commonwealth now.

**Tony BATES:** Yes. But it has been that lack of any geographic planning from the Commonwealth. It has almost been like an entitlement system for providers to come in, and that is what has led to the childcare deserts that we referred to in various states and territories. That is partly why the state has opened up ELV centres, particularly in regional Victoria, where it is not profitable often for the new services to go in. So we call on the Commonwealth to be more active in that regard – to think about where the children are and to think about where the families are who need support. I am pleased to say with their new program around building the Early Childhood Education Foundation, where there is a capital contribution now, they have started to move into that space, but I encourage them to do more.

**Georgie CROZIER:** Thank you.

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

**Sarah MANSFIELD:** Thank you. Thank you for appearing today. I just want to go back to some of the questions that were asked about the number of staff that moved across from QARD to the new regulator. Given the concerns around QARD's effectiveness and some of the findings of the rapid review, do you believe that it is appropriate that all the staff were effectively transferred over?

**Tony BATES:** Dr Mansfield, I think the short answer is yes. There is a very small number of staff that stayed with the department. But pre August 2025 there were about 173 staff in QARD, including 93 authorised officers. I am very confident the staff that we have moved over into the independent authority are the right staff. As Deputy Secretary FitzGerald said, there are a range of staff there that do more complex investigations. Under the National Law there are appeal rights that people had, so we had people who were managing some of those appeals at VCAT and in other places. I think that, importantly, there have been a number of communications staff that have moved over as well. I think making clear to the Victorian community the regulatory activity that is underway is an important thing to try and rebuild confidence in the sector. As I have said to this committee before, the vast majority of providers and the vast majority of staff are doing good work and have nothing but the best interests of children at heart. But it is important that the community does understand when VECRA is taking regulatory or compliance activity. I think that is all important.

As VECRA has separated from the department, we have given them an allocation of their own legal team. As I said earlier, there are a number of things where the department can share services, so we are supporting VECRA with IT. We will support them with things like payroll, occupational health and safety for staff and managing their fleet. But there are also things where their independence means they needed to have a new and distinct team. They have got their own legal team; they have got their own freedom-of-information team – some of those important things that the staff beyond the authorised officers do to make sure that VECRA is and will be accountable to the public and to the Parliament about its activities.

**Sarah MANSFIELD:** I think what was found through the rapid review and other scrutiny of the regulation of the early childhood education sector has revealed is that there were issues with compliance frameworks, reporting mechanisms and communication between different agencies. How are some of those structural issues that may be embedded in work practices and understandings of how the system works being addressed? I guess my question is not to criticise the individual staff members, but I think there could be concerns that there was a culture and workplace practices as well as systems and structures that people worked within that were not doing the job as well as they should have to keep children safe. So in transferring such a large number of staff over to an independent regulator, what sort of support or interventions have been made to ensure that some of those systemic issues are not just repeated?

**Tony BATES:** I think it is a good and important question. I would probably go to some of the other reforms to start off that the government has done outside the education department portfolio. But moving the reportable child conduct scheme from the CCYP into the new Social Services Regulator is a big reform that I think is really, really important. We know that was potentially one of the issues in the past: were things getting from the

CCYP to the working with children check? So having all of that with the one team over in the Social Services Regulator, I think, has been a really, really positive step forward. I know that the Social Services Regulator, the VECRA regulator and Victorian Institute of Teaching are meeting regularly and are working a lot on their information-sharing arrangements. I think that is really important. I might just see if Mr McDonnell wants to say anything further in terms of the supports. There is a balance here. I absolutely agree that the government's made the right call in making VECRA independent, but we have also got to make sure that, as you I think you are alluding to, they have access to staff development and training and all those other things they need to be the best and most effective regulator they can.

**Justin McDONNELL:** Thank you, Secretary. Thank you, Dr Mansfield. Certainly with the significant investment in new staff coming in, that is a lot of induction for that new cohort. I know before VECRA was made independent there was a really significant focus to uplift the depth and intensity of that induction, and that was something that was available to existing staff as well. That is something that I understand is very much continuing now that VECRA is independent. The very fact of the quite significant number of changes that were made in the National Law was something that was translated from the policymakers through to authorised officers – so a lot of training in that context about what were the new obligations. Certainly as part of that induction and uplift – I believe VECRA spoke earlier about the concept of regulatory posture, and that is something that the regulator talked about being a deliberate focus on the safety, rights and best interests of children.

VECRA also talked about the capability review, which was a recommendation of the *Rapid Child Safety Review*. That is underway now. That deliberately has taken the time to account for what the resource base of VECRA would be – so working out what the powers are, what the resource base is and building the capability going forward. So that will be another input into how VECRA takes forward its induction and training. I know as part of that they are really looking at that consistency of practice and understanding across authorised officers, so the existing and new.

**Sarah MANSFIELD:** Thank you.

**The CHAIR:** So sorry, Dr Mansfield. We have just run out of time. We are just running behind. Thank you. Ms Ermacora.

**Jacinta ERMACORA:** Thank you very much. Hello, and thanks for being here. A New South Wales Legislative Council inquiry into early childhood education centres recently reported, and that report contains a number of recommendations that advocate for national reform. Can you speak to how these align with the Victorian rapid review and Victoria's priorities of reform?

**Tony BATES:** Thanks, Ms Ermacora. I might just ask Deputy Secretary FitzGerald, but again, having looked at the recommendations last week, I think there is quite a synergy with some of the things that we are speaking about today, about there needing to be a more active stewardship and design of the system across the country. Whether they are private for-profit or not-for-profit providers, it is not serving our children and families well. But there are a number of recommendations in the report that we think align well with the rapid review. I might just ask Deputy Secretary FitzGerald to speak a bit more.

**Bronwen FitzGERALD:** It is pleasing to see the amount of alignment that there is present across these different inquiries, because it gives us quite a good signal for the sorts of conversations we can be having with our Commonwealth counterparts over time. The sorts of things that we saw from the rapid review that we continue to advocate for and that are signalled in one way or another by the New South Wales report include advocating for a Commonwealth rethink of the ECEC system about the role of different providers, the stewardship footing that is or is not present from the Commonwealth and about the ways in which Commonwealth funding incentivises particular activity, in particular market composition in different locations for different service types as well. The Secretary mentioned earlier that the Commonwealth have signalled that they are interested in exploring this idea of a national commission, potentially in part to do some of these stewardship activities. So that is very aligned with some of the findings of the New South Wales report as well. Stronger action on training courses is one of the other rapid review recommendations around the way that the training market is regulated by the Commonwealth regulators, particularly ACECQA. And there is an introduction of funding for a Commonwealth quality improvement program modelled off the quality improvement program that we have here in Victoria for kindergarten, which is showing good efficacy in

supporting services to lift their quality over time and sustain it at that higher level. They are some of the things that the rapid review recommended we advocate for.

I would just add a couple more. One is more specific around lines of sight. The design of the physical infrastructure of services is one where advocacy will be occurring and where some work has commenced, led by an initial analysis by ACECQA. And then the other thing: as the Secretary mentioned, the funding from the Commonwealth to the state and territory regulatory authorities ceased in 2018, and this is despite the fact that for the regulatory authorities – and not just in Victoria, in other states and territories too – the majority of their effort is regulating Commonwealth-funded service hours. In Victoria the figure is approximately 80 per cent of the service hours that the regulatory authority is monitoring are Commonwealth funded, but with the cessation of that national partnership, that Commonwealth funding into the state and territory regulatory authorities occurred and has meant that the Commonwealth does not have a direct contribution to the on-the-ground regulatory effort that is happening across states and territories.

**Jacinta ERMACORA:** There is a diversity of the delivery space, and there is diversity or complexity in the regulatory space as well. Has there been any consideration of the risks associated with – the more complex regulations are, the higher the risks. In the space of child care, should it be simplified?

**Bronwen FitzGERALD:** One of the most significant things is that the regulations are as detailed as they are because their purpose is to support the safety of children. Early childhood education and care services are complex services in lots of different locations, with lots of different service types and servicing children who have lots of different needs. So the laws are drafted in the kind of specific and prescriptive way they are in order to cater for all of those different circumstances from long day care in a metro area through to family day care in a rural area – they are quite different services with different numbers of children, age groups and so forth. That is why the National Law is as specific as it is. The consistency that occurs across jurisdictions is critical in managing the administration of the regulations. So is the guidance work that is done by ACECQA and the regulatory authorities to help services understand what the regulations mean for them, and the laws as well – what they mean for them in practice and how to give effect to them. What has happened over the recent National Law changes is a real clarification of what the guiding objective is, which is that paramountcy principle. So although there are a lot of specific elements and they are quite prescriptive and they need to contemplate different circumstances, what that paramountcy principle being enshrined in law means is it is very clear what the expectation is on providers about what they put first when they are operating a service.

**Jacinta ERMACORA:** Fantastic. Just one quick additional question: I understand there is industrial action planned in the childcare sector for 15 July. Can you advise what that is in relation to?

**Bronwen FitzGERALD:** I can speak to that, if you like. We have been advised unofficially that this is occurring. It relates to the Commonwealth's worker retention payment. This is the payment that is currently in place for services and providers that sign up that enables them to attract additional funding to support higher salaries for their staff. But that funding at the moment has a sunset, and we understand that the action is in relation to concerns in the sector about that sunset on the funding and the uncertainty about whether that funding will continue.

**Jacinta ERMACORA:** Thank you.

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

**Melina BATH:** Hello there. Thank you very much for presenting to us today. I am going to go back to my topic of the day, and this is to do with out-of-school-hours care. We heard from Melinda Crole, the CEO, and she spoke about the difference in fee structure. She compared New South Wales or other states to Victoria, and Victoria operates on a school-by-school licence model. Fees are defined by the school, and it is up to 20 to 30 per cent of the fee structure as opposed to 10 to 11 per cent in other states. She was raising the issue about viability. So I am interested to understand what oversight, what information – how does the education department ensure that it is not blown out unreasonably?

**Tony BATES:** Can I just check, Ms Bath, that this is where the providers are paying some sort of –

**Melina BATH:** Subsidy to the school.

**Tony BATES:** In exchange for access to the school facilities?

**Melina BATH:** Correct.

**Tony BATES:** That is one that is very delegated in Victoria. The arrangements in each school are determined by the school council in conjunction with the principal.

**Melina BATH:** Why doesn't the department have any oversight on this to regulate that?

**Tony BATES:** Again, it goes back to the reforms in the 1990s. School councils do have quite a degree of commercial flexibility in Victoria. It is one that we are starting to do some analysis on. We have seen reports that, particularly post COVID, the number of families using after-hours school care or before-hours school care is not anywhere near where it was back in 2019 and earlier.

**Melina BATH:** It might be because people have left the state. But anyway, we can investigate that. But keep going.

**Tony BATES:** I can happily report that our school enrolments do continue to grow in the government school system every year.

**Melina BATH:** Just on that, Mr Bates, in one in five Victorian state schools' building structure is actually rated poor, if you look at it across the board – I think that is some data that is come out. The conversation was had by this sector that in actual fact fees are often used by the schools for broader infrastructure or even operational costs. Are these fees being used to prop up buildings that are not being made good by a state government that is not focusing when you have got one in five Victorian state school buildings rated poor?

**Tony BATES:** Ms Bath, I would probably say there are a number of complex issues here. I will just repeat: the department has begun some analysis work to understand what fees are being paid from out-of-school-hours care providers to schools. I will say a lot of schools run it as a tender process, so the level of fee that is offered is often in the hands of the providers when they are running the tender processes. There are quite a number of OSHC services that are actually run by school councils, where the school council employs the staff directly. So it is not just those providers that operate across multiple different schools.

**Melina BATH:** Do you have a breakdown of that? Do you have a breakdown of the structure, or is it literally run without education department oversight?

**Tony BATES:** It is literally run at the discretion of school councils, which is in line with the powers that they have under the *Education and Training Reform Act*.

**Melina BATH:** Thank you. We have heard this, and I am sure you have read some of the submissions: the regulatory changes and compliance obligations – and I read in one from regional Victoria recently – across this early sector are placing operational pressures on whether they be community kinders or ECEC centres, and we have got a situation where G8 Education have stated that they may have to close a number of services. Has the department done any research around the fact that childcare centres will be closing and what the implication is in relation to those fees and charges of that compliance burden that is occurring? I am not for a minute saying that there should not be compliance, but the actual burden being placed on these centres.

**Tony BATES:** Again, Ms Bath, I just might say or repeat that we have done the modelling. As I said, we did modelling on the regulatory fees, and it was in the order of 15 to 30 cents per day per student.

**Melina BATH:** What was that, sorry?

**Tony BATES:** Fifteen cents to 30 cents per day.

**Melina BATH:** Per child?

**Tony BATES:** Per child, per day.

**Melina BATH:** Can we then have that modelling? Can you present that to this inquiry, please?

**Tony BATES:** We can give a summary.

**Melina BATH:** Yes, per sector. Is that an average? Is that an average, or is it depending on the sector? We heard before that –

**Tony BATES:** Yes, for the not-for-profit smaller sector it is more at that 10 to 15 cents per day, and then for the larger for-profit providers it is more like 30 cents per day. But we can provide the committee on notice with that summary of the impact by size and by their profit or not-for-profit status.

**Melina BATH:** And also the modelling that you have done: how did you model that? What was the rationale behind the modelling? Some detail around how you have come to those figures.

**Tony BATES:** Yes, we can describe the method we used in the modelling.

**Melina BATH:** Thank you.

**Tony BATES:** What I would say: with G8 and I think with Affinity as well, there has been some commentary about regulatory burden or fee increases driving their decisions. But I think there were some statements to the stock exchange from some of those companies before any of these changes came in where they talked about rationalising services. What we are seeing across Victoria is the usage of long day care services is down, and that reflects a number of things: changes in demographics, the ability of people to work from home and do other things. The department's judgement is that a number of the things that G8 are doing are not being driven by regulatory burden or compliance costs. What we see in the analysis that we can do is that they had a group of services which were all running at about 60 per cent occupancy, and so they are consolidating to try and drive up their profit margin.

**Melina BATH:** Thank you. I have not got any time, so you could then provide some of that analysis that you have done in the background with regard to those to this committee. I would also like the modelling, not just the summary. But my last question goes back to, again, out-of-school care. Has the government taken modelling – and you talked about childcare deserts, and we certainly have those in regional Victoria. But in relation to OSHC, what about those service closures? Has the department done any modelling to see what are at risk of closing? Because clearly this has a huge impact where there are thin markets in regional Victoria, but not only, where you have got closure of potentially these services, and that has an impact on families to actually hold down a job. Has the department done any work on that, and if so, can you please provide that? And I would like it in relation to regulatory increases, like cost burdens, if you could.

**Tony BATES:** I will just say we have done the modelling in relation to the higher fees; we have not done modelling in relation to the regulatory increases. But I just will say the department – I think we are in entire agreement here. It is really important that we have the most access to OSHC services that we possibly can. There are grants that the government has been giving out over the years to support particularly small regional schools to make sure they have got OSHC services, and we have a very significant program of trying to provide OSHC services at special schools, so for those children with profound disability. We do provide subsidies for those services because the Commonwealth payments for those children go nowhere near the sort of support they need. I agree with you: we want to keep as much OSHC as we can open across the state.

**Melina BATH:** Then, Chair, just on that: do you have a list, a breakdown, of grants that are provided? You just said that you could do that across the regions; if there is a breakdown of those, that would be handy.

**Tony BATES:** Yes, we can provide on notice the type of OSHC support payments we have.

**Melina BATH:** Thank you.

**The CHAIR:** Thank you very much, Mr Bates, Mr McDonnell and Ms FitzGerald, for your time. We really appreciate it. That brings our session to a close.

**Witnesses withdrew.**