

**ELACCA submission to the Inquiry
into the *Wage Justice for Early
Childhood Education and Care
Workers (Special Account)
(Extending Support and
Strengthening Safety) Bill 2026***



The Early Learning and Care Council of Australia (ELACCA) welcomes the opportunity to submit our feedback regarding the *Wage Justice for Early Childhood Education and Care Workers (Special Account) (Extending Support and Strengthening Safety) Bill 2026*.

About ELACCA

The Early Learning and Care Council of Australia (ELACCA) was established to promote the value of quality early learning and care as an integral part of Australia's education system. Our 17 CEO members include some of the largest early learning providers in the country, representing both not-for-profit and for-profit services.

ELACCA members offer one-quarter of all the long day care and preschool/kindergarten places in Australia. Together, our members serve 221,149 children and their families, and employ more than 58,738 staff, across Australia. Our members operate a total of 2,383 early childhood education and care (ECEC) services, including 2,002 long day care services, 304 preschool/kindergarten services and 77 OSHC services, covering every state and territory.

As well as promoting the value of quality early learning and the need for greater public investment, ELACCA advocates for the right of all children to access quality early learning and care, particularly children facing disadvantage. We do this by drawing on the knowledge and practical experience of our members and representing their views to decision makers in government, the media and the public.

For additional information, or to arrange a consultation session with ELACCA members, please contact:

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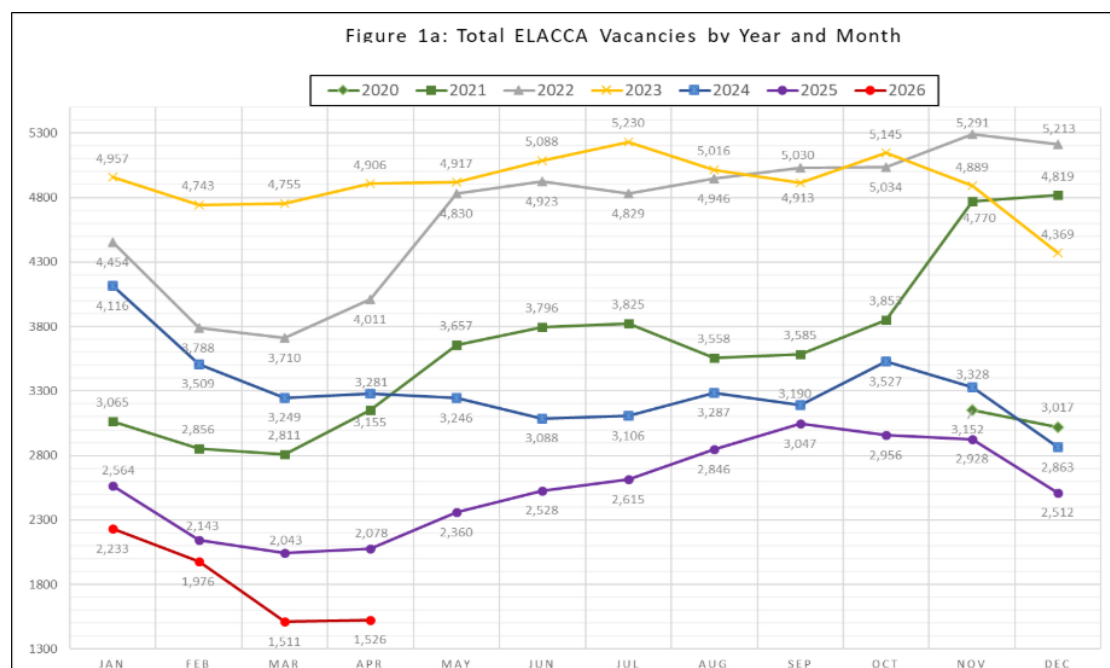
Thank you for considering our submission.

Proposed condition that services applying for the Worker Retention Payment grant must be rated at least Meeting the National Quality Standard for Quality Area 2

ELACCA welcomes the Australian Government's decision to extend its landmark wage subsidy for early childhood educators. The continuation of the Worker Retention Payment (WRP) grant provides much-needed certainty for Australia's early childhood educators and reinforces the foundations for a strong early learning system in this country. We know that experienced, skilled educators are the key to high quality and safety in early learning settings.

The WRP grant has had a significant impact on educator vacancies for ELACCA members, with noticeable declines in educator vacancies occurring during 2026. The table below shows the number of vacancies for all ELACCA members' employees working with children (by month for each year), commencing in November 2020 to April 2026. The highest employee vacancy levels were recorded in 2023, but have dropped significantly since then, with the beginning of 2026 showing vacancies lower again.

Table 1: ELACCA Educator vacancies



Although it is not possible to determine the exact cause of declines in educator vacancies (a reduction in enrolments, particularly in the 2026 data, may be a contributing factor to a simultaneous reduction in educator vacancies), ELACCA believes that the Worker Retention Payment has played an important role in reducing educator vacancies and improving staff retention.

ELACCA is concerned, however, that the imposition of terms and conditions upon services applying for the WRP grant under the proposed new subsection 11(3A) of the ***Wage Justice for Early Childhood Education and Care Workers (Special Account) (Extending Support and Strengthening Safety) Bill 2026*** may result in multiple negative and unintended consequences across the ECEC sector. The effects are likely to weaken the fabric of the ECEC regulatory system.

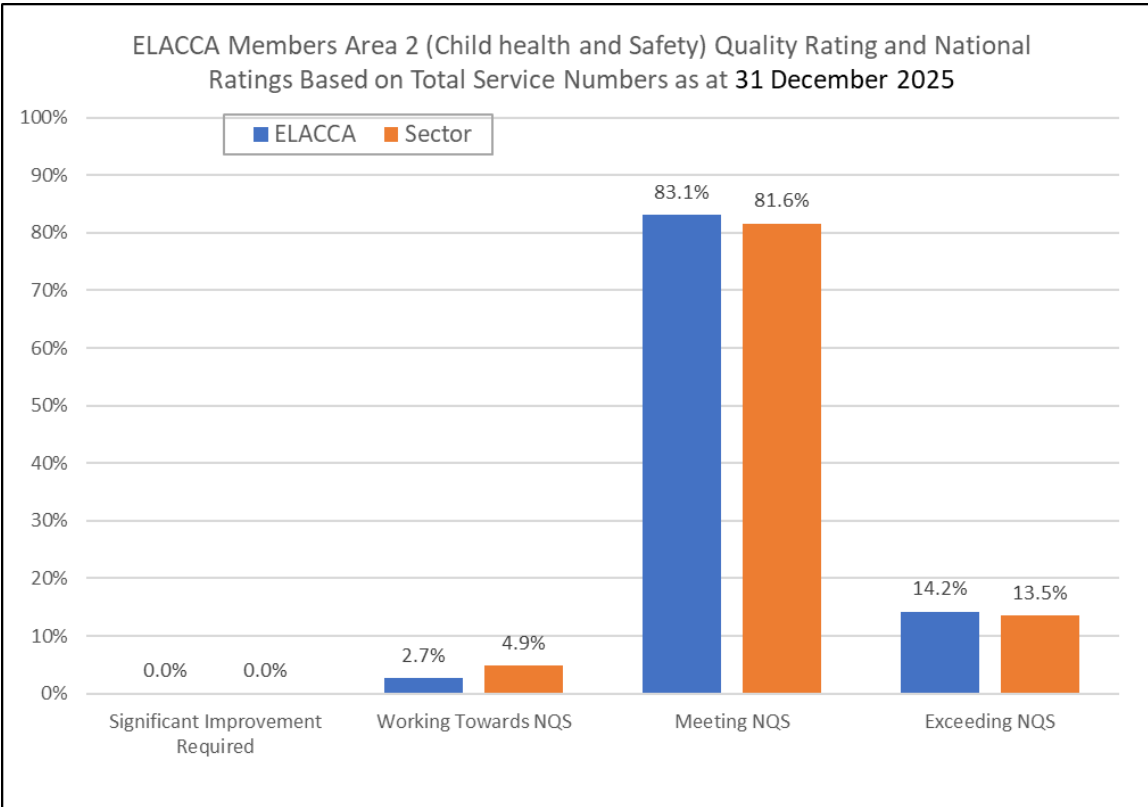
The Bill proposes the addition of a new subsection 11(3A) of the *Wage Justice for Early Childhood Education and Care Workers (Special Account) Act 2024*:

18. Item 7 introduces subsection 11(3A) after subsection 11(3) of the Act. Without limiting subsection 11(1), subsection 11(3A) establishes that the terms and conditions of a grant made under the Act may include:
- a) a condition that the service maintain, under the National Quality Framework, a rating level of at least Meeting National Quality Standard for quality area 2 stated in the National Quality Standard; and
 - b) provisions dealing with the consequences for a breach of a condition covered by paragraph (a); and
 - c) any other provisions relating to the quality and safety of the service.

Although we understand the rationale for this condition and commend the Bill's intention to link child safety with grant payment, ELACCA believes that the proposed terms and conditions will not improve children's health, safety or wellbeing in a material way.

We would like to preface these concerns by reiterating the commitment of our members to children's health, safety and wellbeing, and to the delivery of quality education and care services. Our data show that ELACCA members' ratings in relation to QA2: *Children's health and safety* are higher than national averages, as demonstrated in the table below:

Table 2: ELACCA members' service ratings in Quality Area 2



For Quality Area 2, ELACCA members have:

- 14.2% of services rated Exceeding the NQS (compared to a national average of 13.5%)
- 83.5% of services rated Meeting the NQS (compared to a national average of 81.6%)
- 2.7% of services rated as Working Towards NQS (compared to a national average of 4.9%)

These figures demonstrate that 97.3% of ELACCA members' services would qualify for the WRP grant under the newly proposed terms and conditions. However, despite this excellent record in QA2, ELACCA members feel strongly that the proposed terms and conditions are flawed and should be urgently reviewed.

Our concerns about the imposition of this condition relate to the following:

1. **Making payment of the WRP contingent on a service's rating in QA2 is a highly problematic approach to the National Quality Framework, which is designed as "a single, unified regulatory model in achieving the objective of ensuring children's**

health and safety” (ACECQA 2016: 48). It is only possible to assess the quality and safety of a service by looking at *all* of the seven Quality Areas together.

2. **A rating of “Working toward NQS” for QA2 does not mean that a service is unsafe.** Instead, it indicates that the service provides a safe education and care program but has one or more areas identified for improvement. Penalising services that are rated “Working toward NQS” by preventing them from accessing the WRP grant is excessively harsh.
3. **Making payment of the grant contingent upon a service’s rating in QA2 may result in an increase in services under-reporting (or failing to report) health and safety incidents.** Perversely, this condition may contribute to the creation of organisational cultures that are less transparent and secretive, and where harm to children is more likely to occur.
4. If a service seeks to contest their QA2 rating (which would become much more likely if this Bill is passed and grant payment is specifically linked to QA2 rating), **the avenues of review currently available to approved providers are relatively limited, time-consuming and expensive.** Further, there is a question of whether Regulatory Authorities have the capacity to deal with an increased number of applications for review.
5. **A significant number of services are currently not rated as Meeting or Exceeding Quality Area 2 – 847 services (5%) in total**, as counted in ACECQA’s latest (Q2, 2026) *NQF Snapshot*. If these services are ineligible for the grant, there is a risk that many will become unable to attract and retain qualified educators and may then become financially insolvent. This measure would therefore weaken the performance of these services (not strengthen it), acting at cross-purposes to the intent of the new condition. If these services were to close, a large number of educators, children and families would be negatively impacted.
 - This new condition would heighten the importance of accurate Assessment & Ratings processes, at a time when **A&R results and timeliness are highly inconsistent across states and territories**, and within them.

We recommend: That the Australian Government revise the new condition related to Quality Area 2, to ensure that services not Meeting or Exceeding Quality Area 2 are supported to lift their performance. This support could be delivered through proven means, such as quality uplift programs operated by state and territory Regulatory Authorities.

Our proposed amendment is:

18. b) provisions dealing with the consequences for a breach of a condition covered by paragraph (a), **provided that such provisions are not punitive, but act to support quality uplift by the grant recipient.**

Analysis of service ratings under Quality Area 2

Quality Area 2, in conjunction with the National Law and National Regulations, establishes requirements for services relating to children's health and safety across six areas:

- Health, safety and wellbeing of children
- Policies and procedures relating to incidents, injuries, trauma and illness
- Medical conditions policy and medication procedures
- Administration of medication
- Emergencies and communication
- Collection of children from premises and excursions.

As demonstrated in the table below (Table 3), Quality Area 2 has the second highest proportion of services rated as "Significant improvement required" or "Working towards the NQS". According to ACECQA, Quality Area 2 also "has the lowest proportion of services rated as Exceeding NQS". This may reflect that Quality Area 2 is considered (by services and regulators) as an area of 'minimum requirements', rather than a spectrum of higher and lower quality.

Table 3: Quality Area Ratings – ACECQA NQS Snapshot (Q2 2026)

	Significant Improvement Required	Working Towards NQS	Meeting NQS	Exceeding NQS
Quality Area 7 - Governance and leadership	7	853	13,649	2,622
Quality Area 2 - Children's health and safety	8	839	14,107	2,177
Quality Area 1 - Educational program and practice	1	743	13,083	3,304
Quality Area 3 - Physical environment	2	335	14,207	2,587
Quality Area 4 - Staffing arrangements	1	287	14,056	2,787
Quality Area 5 - Relationships with children	2	274	13,406	3,449
Quality Area 6 - Collaborative partnerships with families and communities	0	164	13,038	3,929

ACECQA's reference to "achieving minimum standards" in relation to QA2 is a key aspect of why making payment of the WRP grant conditional upon a service's rating in this Quality Area is problematic. Analysis of quality rating results shows that "Quality Area 2 is one of the most difficult quality areas to meet, and the least likely to be rated Exceeding NQS" (ACECQA 2016:48). The reasons for this are complex and also contextual. For example, ACECQA found that preschools/kindergartens were significantly more likely than other service types to be rated as

Meeting or Exceeding NQS in Quality Area 2. This is not because preschools or kindergartens are inherently safer places for children. Instead, it is more likely due to the fact that the children who attend these services are older and spend a shorter time per day at the service, as compared to long day care (ACECQA, 2016:20).

As stated earlier in this submission, making payment of the WRP grant conditional upon a service's rating in just one quality area is highly problematic, as the NQF is supposed to be applied as an integrated and cohesive regulatory system. In their analysis of Quality Area 2 service ratings, ACECQA concluded that, "secure and respectful relationships between children and educators, and among educators, combined with educators who are observant and responsive to children's needs, go a long way to bringing health and safety policies to life" (2016: 48).

Evidence shows that Quality Areas 1, 3 and 5 more closely predict child development outcomes as Australian children enter school

ACECQA's assertion that other Quality Areas of the NQS play an important role in keeping children healthy, safe and well – such as Quality Area 5: Relationships with Children – is also borne out by recent research conducted by the Australian Education Research Organisation (AERO). In their recent report, "Linking quality and child development in early childhood education and care" (2024), Rankin et al found that **Quality Area 1** (Educational program and practice), **Quality Area 3** (Physical environment) and **Quality Area 5** (Relationships with children) had the greatest and most consistent association with Australian Early Development Census (AEDC) domains.¹ Further, this research found that, "Quality Areas 2 (Children's health and safety), 4 (Staffing arrangements) and 7 (Leadership and service management) had some, but fewer, consistent associations with AEDC domains" (Rankin et al. 2024: 13).

Likely risk of services under-reporting health and safety incidents

The terms and conditions proposed under subsection 11(3A) of the Bill effectively link child safety to a performance target and bonus – i.e. receipt of the WRP grant. ELACCA would like to strongly suggest that this approach to the WRP grant is risky, as it creates an incentive for services to under-report safety incidents.

When service leaders and educators face pressure to meet safety goals, it can lead to a culture where reporting is discouraged and minor incidents are hidden. If educators are aware that their

¹ AEDC results can help to identify and monitor trends in how children in Australia are developing by the time they begin their first year of full-time school. It highlights what is working well and what needs to be improved or developed to support children and their families. The regular collection of AEDC data enables governments at local, jurisdictional and national levels to better support the wellbeing of children and families. Together, the developmental outcomes of successive cohorts tell the story of how children's development over the first five years of life is influenced by local, state or territory, national and international circumstances.

salary increase under the WRP grant is tied to a required level of performance in relation to QA2, they may become reluctant to report safety incidents for fear that they will be penalised by a reduction in their wages or blamed by other staff members if this were to occur. A further repercussion may be that services focus on safety metrics rather than actual child safety.

In Plain Sight: Review into System Responses to Child Sexual Abuse, the report published in 2025 by the Queensland Child Death Review Board that investigates the child sexual abuse offences committed by Ashley Paul Griffith in multiple early education services, found that one of the central barriers to detecting his crimes was, “staff reluctance to report due to fear, loyalty, or lack of clarity” (2025:171). Unfortunately, the proposed addition of a condition that services must be rated at least Meeting the NQS in QA2 to receive the WRP grant may perversely disincentivise educators from reporting small or minor incidents and create unsafe organisational contexts. In ‘worst case’ scenarios, these are environments where sexual predators can both operate and thrive.

In Plain Sight makes clear that reporting is a key aspect of child sexual abuse prevention. It lists the following activities as essential:

- raising concerns and feelings of disquiet
- being persistent when concerns are not listened to
- responding quickly and robustly to complaints when they are made.

(In Plain Sight, 2025:184)

Imposing the condition that services are rated as Meeting the NQS or above for QA2 in order to receive the WRP grant may create the kind of secretive organisational cultures that enable sexual predators like Griffiths to operate. As the report states:

Prioritisation of reputation, secrecy and isolation by institutions over the safety and wellbeing of children, elevates the risk of child sexual abuse occurring. It promotes an organisational culture where concerns, complaints and breaches of conduct are managed internally, with limited transparency, oversight, or involvement from external authorities or independent bodies.

(In Plain Sight, 2025:184)

Contesting a quality rating: Avenues of review available to approved providers

If services are required to have a rating of Meeting the NQS or above for QA2 as a condition of receiving the WRP grant, then it can be reasonably anticipated that there will be a significant increase in services applying for re-assessment. However, the process of applying to have a service (including any aspect or element of the service) reassessed and re-rated against the [National Quality Standard](#) is time-consuming and expensive and time-consuming. Submitting

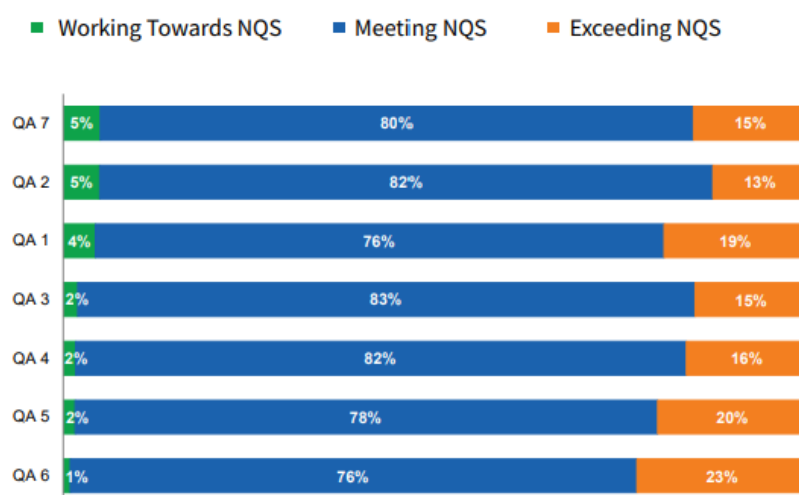
an application for re-assessment is not simple and takes concerted time and effort from a provider. The fees for reassessment and re-rating have just been lifted substantially in some jurisdictions and now range from **\$1,719** (for small services) to **\$14,404** (for large services) in New South Wales and Victoria.). An application for re-assessment can only be made every two years. There is also a second avenue of appeal available: second-tier review, which is facilitated by ACECQA. The costs of this review are also considerable, with fees ranging from **\$763** for small services up to **\$1,915** for extra-large services.

Aside from a probable increase in services requesting re-assessment if they are not rated as Meeting the NQS or above for QA2, there is the related issue of services that do not have a current quality rating. ACECQA data from the NQF Snapshot Quarter 2 show that only 94% (17,131) of the total number of approved services (18,197) have a current quality rating. This means that 1,066 services do not have a quality rating. In order for the condition outlined in subsection 11(3A) to be applied equitably to ECEC providers, Regulatory Authorities would need to assess over 1,000 services. Whether Regulatory Authorities have the capacity to complete these assessments in a compressed time period, in order to ensure that services can receive the WRP grant, remains to be seen.

Potential closure of services currently not rated as Meeting or Exceeding Quality Area 2 and therefore unable to receive WRP

The latest ACECQA data show that 5% of services are rated as Working Towards NQS for QA2. This rating will preclude them from meeting the conditions of the WRP grant. As evidenced in the table below, QA2 has the highest percentage of services rated as Working Towards NQS (along with QA 7). The five other quality areas have a lower proportion of services rated as Working Towards NQS.

Table 3: ECEC quality area ratings for NQS



ACECQA, [NQF Snapshot Q2 2026](#), August 2026

If 5% of current ECEC services are unable to receive the WRP grant, it should be expected that a proportion of these services will be forced to close. Since the start of 2026, operating costs for approved providers have increased substantially due to the administrative burden resulting from the introduction of child safety reforms, regulatory changes and increases in award wages. Income is simultaneously constrained by the Australian Government through instruments such as the Child Care Subsidy rate caps. If a service is unable to access a salary increase for staff through the WRP grant, it may then become difficult for it to attract and retain qualified staff, ultimately leading to closure of the service.

While oversupply is currently a genuine issue in the ECEC sector, the risk under this Bill is that there are no mechanisms to ensure closures occur only in areas with excess supply. As a result, much-needed services in rural, regional and remote communities may be forced to close if they cannot access the WRP grant.

When an ECEC service closes, it can have far-reaching and long-term effects on children, families and staff. For children, the closure of a familiar early learning environment can be disruptive and emotionally challenging. Young children thrive on consistency, predictable routines and secure relationships (Bater and Jordan, 2017; Ferretti and Bub, 2014; Ren et al, 2006; Selman and Bart, 2023), and these routines can help prepare them for school. When a service closes, children must adapt to a new environment, new educators, new friendships and new learning routines.

For educators and staff, the closure of a service can have profound consequences - both professionally and personally. A service closure is a high-risk period for workforce retention, when educators (including experienced educators) may exit the ECEC sector altogether. Many

educators also develop strong relationships with children, families and colleagues and a closure can create feelings of grief, loss and uncertainty, particularly where staff have dedicated a large part of their career to the service. Although redeployment opportunities are often provided, navigating new work locations, travel arrangements and workplace relationships can be challenging. Experiencing a service closure often comes with a high emotional toll for the workforce.

Accuracy, consistency and timeliness of the Assessment & Rating process

The application of the proposed new condition requires accurate quality assessments of each ECEC service by Authorised Officers, applied consistently within and across states and territories, and updated regularly, to reflect current conditions and practices at each ECEC service. Given historic underinvestment in the Regulatory Authorities, and current differences in 'regulatory posture' between the states and territories, we consider that these requirements cannot be met.

The application of the Assessment & Rating process varies so significantly across jurisdictions (and even across regions within a jurisdiction) that NQS ratings cannot be considered reliably comparable. This weakness in the national system is exacerbated by the long periods between A&R visits in some jurisdictions. This means that, for many services, their NQS ratings are more than 5 years old – up to 10 years old, in some cases. In its recent inquiry report, the Productivity Commission (2024:498) noted the injustice of this flaw in the regulatory system:

Long lags between assessment are particularly problematic for services that are Working Towards the NQS. Although most of these services are, upon reassessment, found to have improved their quality, until that reassessment takes place their rating may be misleading to families [and governments].

Conclusion

ELACCA strongly urges the Federal Government to reconsider the terms and conditions, as specified under subsection 11(3A) of the ***Wage Justice for Early Childhood Education and Care Workers (Special Account) (Extending Support and Strengthening Safety) Bill 2026***, for ECEC services to access the WRP grant. The WRP grant has had a positive impact on the ECEC sector since it was introduced in 2024, creating workforce growth and improving educator retention. In the current operating environment, where costs have increased due to the implementation of new child safety reforms, the WRP grant is an important funding instrument because it ensures that early childhood educators receive adequate remuneration. The skills and experience of the ECEC workforce is the single biggest contributor to quality and safety in the sector.

However, ELACCA foresees a range of negative consequences if services must be rated as Meeting the NQS or above for QA2 in order to receive the grant. Aside from the fact that the NQS

is designed to be used as a cohesive and integrated regulatory system (making it problematic for individual Quality Areas to be viewed in isolation), we believe that making payment of the grant contingent upon a service's rating in QA2 may result in an increase in services under-reporting (or failing to report) health and safety incidents.

We recommend: That the Australian Government revise the new condition related to Quality Area 2, to ensure that services not Meeting or Exceeding Quality Area 2 are supported to lift their performance. This support could be delivered through proven means, such as quality uplift programs operated by state and territory Regulatory Authorities.

Our proposed amendment is:

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