



Response to Proposed Amendments: Child Care Subsidy Ministers Rules

*Strengthening PMC Background Checks,
Application Exclusion Periods & Governance
Requirements*

May 2026



Forward

The Australian Childcare Alliance (ACA) welcomes the opportunity to provide feedback on the proposed amendments to the Child Care Subsidy Minister's Rules 2017 and Child Care Subsidy Secretary's Rules 2017. These amendments propose background checks for Persons with Management or Control (PMC), the expansion of the application exclusion period, and the strengthening of governance evidence requirements for CCS applications.

To draft our response, we draw on the data and findings from 131 approved provider and service leaders who participated in ACA's submission to the Second Round of National Child Safety Reforms (April 2026) across the country. In this context, some of the least supported reform proposals related to PMC. On a whole, the sector strongly supports better-targeted PMC fitness and propriety reform where there is a direct link to children's safety and wellbeing.

Our respondents frequently cited the disproportionate impact on small and medium non-aligned approved providers, as well as volunteers serving on local community boards with PMC changes. Overreach in this area risks deterring capable and community-minded individuals from governance roles, potentially reducing the quality of leadership and exposing organisations to reputational risk without demonstrable safety benefits.

The three proposed amendments offer targeted, thought-out changes directly linked with the governance that impact child safety outcomes.

The ACA supports the expansion and strengthening of background check requirements for new PMCs. This is consistent with the strong sector support (84.1%) recorded in our Second Round Child Safety Reforms survey for the direct removal of PMCs found not fit and proper, and with the 89.7% support for prohibition orders preventing unfit individuals from acting as PMC.

The introduction of an ASIC Banned Person Check, the requirement for digitally verifiable Nationally Coordinated Criminal History Checks (NCCHCs), and the mandatory Working with Children Check (WWCC) for all PMCs irrespective of jurisdiction are each practical, targeted measures with a clear child safety and integrity rationale.

We welcome these proposed amendments as broadly aligned with those principles, subject to the conditions and observations set out below.



Paul Mondo
President



Application Exclusion Period

The ACA conditionally supports the proposed expansion of the application exclusion period to cover providers, and relevant PMCs, associated with recent CCS refusals or cancellations due to inadequate governance arrangements.

This measure is consistent with the principle endorsed by 80.2% of ACA survey respondents that providers who allow a prohibited or suspended PMC to operate should face consequences. It also reflects the sector's support for measures that prevent regulatory arbitrage, such as jurisdiction-hopping, which received 94.7% combined support in the context of information-sharing with prospective providers.

Conditions and Observations

1. **Scope of 'inadequate governance arrangements':** The trigger for the exclusion period is a refusal or cancellation 'due to inadequate governance arrangements.'

This phrase requires a precise legislative definition to prevent inconsistent application across jurisdictions. A vague standard risks penalising providers for administrative deficiencies rather than substantive governance failures.

The ACA recommends that the Department publish clear guidance, including examples of what constitutes 'inadequate governance arrangements' for this purpose.

2. **Natural justice and procedural fairness:** The 18-month exclusion period is a significant regulatory consequence. It is essential that providers are afforded natural justice, including the opportunity to respond before a refusal or cancellation that triggers the exclusion period is finalised.

The ACA notes that 37.7% of our members opposed changes to quality ratings during an active investigation on natural justice grounds; the same concern applies here. The exclusion period should not apply where a refusal or cancellation is under review or appeal.

3. **PMC-level application:** The extension of the exclusion period to cover providers that specify PMCs previously associated with a refused or cancelled approval is appropriate in principle. However, providers, particularly those who have appointed PMCs in good faith must have access to a mechanism for verifying whether a prospective PMC carries an exclusion period history.

This reinforces the ACA's longstanding call for a National Educator Register that enables employers to verify relevant status across jurisdictions.

4. **Proportionality:** The ACA recommends the Department consider whether a graduated response is appropriate for first-time governance deficiencies that are administrative rather than deliberate or serious, as distinct from cases involving criminal conduct, fraud, or child safety breaches. A blanket 18-month exclusion for all governance-related refusals, regardless of severity, may be disproportionate for small operators who are genuinely trying to comply.

Background Checks for New Persons with Management or Control

The ACA supports the expansion and strengthening of background check requirements for new PMCs. This is consistent with the strong sector support (84.1% combined support) recorded in our Second Round Child Safety Reforms survey for the direct removal of PMCs found not fit and proper, and with the 89.7% combined support for prohibition orders preventing unfit individuals from acting as PMC.

The introduction of an ASIC Banned Person Check, the requirement for digitally verifiable Nationally Coordinated Criminal History Checks (NCCHCs), and the mandatory Working with Children Check (WWCC) for all PMCs irrespective of jurisdiction are each practical, targeted measures with a clear child safety and integrity rationale. The ACA supports their implementation.

Conditions and Observations

5. **60-day currency requirement:** The requirement that all background checks be dated no more than 60 days before a PMC commences in the role is operationally reasonable. However small, single-service operators with limited administrative capacity will need clear, consolidated guidance on how to sequence multiple checks and manage the timing window across different check types, which have varying processing times.
6. **Nationally consistent WWCC requirements:** The ACA supports the universal application of a valid WWCC (or equivalent) for all PMCs regardless of the jurisdiction in which the provider operates. Our Second Round Child Safety submission recorded 90.2% combined support for guidance on PMC responsibilities and fitness and propriety assessment.
This measure closes a genuine gap in jurisdictional consistency.
7. **ASIC Banned Person Check for new (not existing) PMCs:** The ACA notes that the proposed amendment applies to new PMCs added after CCS approval, not to existing PMCs. This is a proportionate starting point.
8. **Digitally verifiable NCCHCs:** Requiring digitally verifiable checks is a welcome step that will reduce fraud risk and speed up assessment. The Department should ensure that digital verification systems are accessible and functional in rural and remote areas, where connectivity limitations may create barriers.

Application Requirements

The ACA supports the proposed amendments to Section 6 of the Secretary's Rules, which will require providers to submit governance evidence in a form and manner approved by the Secretary, and to include information about digitally verifiable NCCHCs and WWCC compliance for each PMC.

These amendments are consistent with the 90.2% combined support our members expressed for guidance on PMC responsibilities and fitness and propriety assessment in our Second Round Child Safety submission.

Formalising governance evidence requirements through a standardised form will improve the quality of applications and reduce the administrative burden associated with the Department seeking clarifications or updated information.

Conditions and Observations

9. **Template and guidance materials:** The ACA strongly recommends that the Department develop and publish a clear, plain-English template for governance evidence submissions well in advance of the 1 July 2026 commencement date.
This is particularly important for single-service, family-owned operators who do not have dedicated compliance or legal teams. The ACA is willing to assist in co-designing this material with the Department and ACECQA.
10. **Lead-in time:** A 1 July 2026 commencement date provides limited time for the sector to prepare. Sector leaders are reporting heightened stress and resource strain due to the volume and complexity of concurrent reforms.
The ACA requests that the Department consider a transition period or a phased commencement for the governance evidence requirements, at minimum providing for a grace period for applications already in progress at commencement.
11. **Avoiding duplication:** Providers already submit significant governance documentation as part of provider approval and service approval processes under the National Law.
The Department should ensure that the new Secretary's Rules requirements do not duplicate information already provided through those pathways, to avoid unnecessary administrative burden on providers.

About the Australian Childcare Alliance

The Australian Childcare Alliance (ACA) is the national peak body for small- and medium-sized family-owned and operated Early Childhood Education and Care providers. ACA's membership spans more than 3,900 services, 75,000 educators, 360,000 families and approximately 468,000 children. For nearly three decades the ACA has represented the lived experiences of ECEC providers, contributing to reviews by the Productivity Commission, the ACCC, the Senate Education and Employment References Committee, and the National Child Safety Review.



Let's give our children the best start in life.

