



# Annual Report 2022

More than early learning, we deliver social impact



We're for children, not profit

# About Goodstart

## We're a place for every child to thrive

We're helping to shape Australia's future by laying the foundations for children to thrive for life.

Goodstart was created in 2010 by four leading charities to give Australia's children the best possible start in life by ensuring they have the learning, development, and wellbeing outcomes they need for school and life.

We're proud to be a part of the not-for-profit early learning and care sector which provides Australian families with high quality early learning, at a lower cost, making it more inclusive for all children.

As an Australian owned not-for-profit organisation, our energies are directed towards helping children reach their full potential with special attention given to early intervention, social inclusion, and innovative play-based learning.

## Key facts

We're Australia's largest non-government provider of early learning, kindergarten and preschool programs.

- 661 early learning centres
- 15,000 employees
- 2,000 teachers
- 63,600 children
- 53,700 families
- Approximately one third of our centres are in rural and regional areas and around one quarter are in low socio-economic areas.

**Note:** these figures do not include Big Fat Smile, the details of which are included separately on [page 17](#).

[Learn more](#) about Goodstart and our social purpose.

## Acknowledgement of Country

Goodstart Early Learning acknowledges all Traditional Custodians across Australia and recognises First Nations peoples' continued cultural and spiritual connection to the land, sky and waterways that surround us. We pay our respects to Elders past, present and emerging.

## Creating meaningful social change

Reconciliation is 'everyone's business' and at Goodstart, it underpins everything we do. Evidence shows the enormous opportunity early education offers all Australia's children and its vital role in creating a reconciled Australia. Read more on [page 37](#).



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# A message from our Chair

## Year in review: Chair report

**The early learning sector in Australia has long advocated for increased investment in high quality early learning, and years of work have gone into proving its value to parents, communities, and governments.**

As Australia's largest provider of quality early learning, Goodstart has the scale to provide data that helps governments understand the impact of policy decisions, and assists academics with their research, as well as sharing the advice and experience of our educators, teachers, and educational leaders.

This year, Goodstart is proud to share the first 'Social Return on Investment' Report conducted for a large early learning provider.

One of our Founding Members, Social Ventures Australia, has undertaken a Social Impact Study informed by the Social Return on Investment (SROI) methodology. After conducting bespoke modelling for Goodstart, they have given us our first ever SROI rating.

We can now say emphatically that all quality early learning delivers a social and economic benefit, and at Goodstart we deliver even more for children, families, and our community.

In fact, for every \$1 targeted to our social purpose investments, Goodstart creates \$5.50 in social and economic value.

While this work has been underway, Goodstart and the early learning sector as a whole has been facing some of the biggest challenges since the pandemic began.

Goodstart's results show the impact of the successive COVID-19 waves, increasing costs and a severe workforce shortage.

Like any strong organisation we are rising to meet the challenge, doubling down on our safety, health and wellbeing, as well as working to improve occupancy and attract new talent.

Goodstart has benefited from the guidance of an experienced Board, and from the extraordinary leadership of our Founding CEO, Julia Davison.

Julia took a leap of faith when she joined Goodstart in 2011 due to its precarious financial position at the time. We thank her for that and for her commitment

to ensuring Goodstart is the high quality and inclusive early learning provider it is today.

In the 11 years since, Julia has juggled, with consummate professionalism, the tension of running a billion-dollar national enterprise with business discipline while driving the organisation's social purpose.

This commitment to children has ensured Goodstart has a focus on social inclusion and reconciliation. It is a strong advocate for children, most especially those who begin their lives with vulnerabilities.

**“We can now say emphatically, all quality early learning delivers a social and economic benefit, and at Goodstart we deliver even more for children, families and our community.”**

When Julia leaves us later in 2022, we will continue to build on the strong foundations she and the many thousands of Goodstarters who support children's learning each day have created.

I would also like to highlight the invaluable contribution of Tony Nicholson who stepped down from Goodstart's Board in March. Tony has played an instrumental role in shaping Goodstart's ongoing social impact journey over the past four years. He cares deeply about Goodstart's purpose and is a fierce advocate for the needs of children and families who come from backgrounds of exclusion, and for this, we're a stronger organisation.

The year ahead offers opportunity, renewal, continued focus on our quality, financial stability, safety, and reconciliation.

A special note and thank you to all of the Goodstart team – the past year has tested your resilience and ingenuity and you have persevered.

Our in-centre teams are critical workers, turning up in even the most difficult circumstances to ensure children have the high-quality early learning and care they need, provided by educators and teachers who form close relationships with children as they assist them to build the foundations that will allow them to thrive.

Thanks also to the Centre Support team members who have been working tirelessly to ensure Goodstart centres have what they need to keep the doors open so that children can learn, and their families can work and study.



To the Board and the Goodstart Leadership Team, thank you for your continuing commitment and passion for this extraordinary purpose driven organisation.

**And finally, and most importantly to the families who support us, thank you for giving us the opportunity to be a part of your child's learning journey.**

**Paul Robertson AO**  
Chair

# A message from our CEO

## Year in review: CEO report

**It has been a year like no other because of the COVID-19 pandemic. The year opened with lockdowns being declared in Sydney and Melbourne that would run for months, followed by the Omicron outbreak in January. The early learning sector is experiencing its worst ever workforce crisis, with vacancies running at double pre-pandemic levels. Despite financial and operational challenges, Goodstart has continued to invest in our people, in safety, in quality improvement and in social inclusion to further our Strategic Direction.**

COVID-19 has resulted in child and staff absences soaring, adding to our costs which we covered by drawing on our financial reserves. In 2021, these costs were offset to a substantial degree by generous financial support from the Federal Government. However, the support came to an end in December 2021, which unfortunately was when the highly contagious Omicron variant took hold. Again, child and staff absences soared, but this time without the same level of Government support.

January and February are our key enrolment months, and our enrolment pipeline was severely impacted by Omicron. We started the year with our occupancy rate down 6 per cent on the previous year, which our hard-working centre teams reduced to 3 per cent by June 2022. Our losses, however, continued to mount despite achieving savings in centre support costs including capital programs, projects, and the freezing of all but essential staff vacancies.

After seven years of below sector average fee increases, we had no choice but to bring forward our annual fee increase from July to March.

Throughout the waves of the COVID-19 pandemic, we have worked hard to keep educators and children in our centres safe. We were one of the first employers to mandate vaccinations to protect the very young children in our care, who could not be vaccinated themselves.

We developed and rolled out our 'COVID Shield' framework to support our centre teams to assess and manage risks of COVID-19 at the local level. We have paid out over \$33.1 million in sick leave and special COVID leave to support our people and continued to support our centre support staff to work from home. Our 'Goodstart at Home' learning resource was further improved to deliver educational support for children unable to attend our centres, while \$21.2 million in gap fees were waived for their families.

On 1 July 2021, our new Enterprise Agreement took effect with a substantial additional investment in our people. Teachers at Goodstart now have wage rates comparable to state schools and our educators are on a path to be paid 5 per cent more than award rates within two years. We now offer our people paid parental leave, up to 50 per cent

**“I am extremely proud of what we have achieved at Goodstart in our first 12 years – the improvement in quality, how inclusive we have become, our commitment to safety and reconciliation, and the broader social impact we have had.”**

discounts on childcare, almost double the award level of non-contact time, personal wellbeing days and access to world class professional development. We recognise that our people are central to the delivery of high-quality early learning, and we have invested in them.

We have continued to improve the quality of early learning across the network, with 98.2 per cent of our 661 services now assessed as meeting or exceeding the National Quality Standards. To complement our Teachers Guide, we are now embedding our Birth to 3-year-old Framework to support educator practice in this age group. Our 'All Children Communicate!' initiative has given our educators the tools they need to support crucial language development in young children. We have also worked to deepen the quality of supervision with our 'Super 7' training package.

Our social inclusion program is evolving to offer therapies and further support for children in centres. Centres are also being supported with our Inclusive Practices Program, the 'Be You' mental health resource and intensive behavioural support practice for children who need it.

The Early Learning Fund was again able to support more than 1,000 children in our centres to access early learning and care.

Safety continues to be a key focus area with an expanded expert services team in place. Safety processes have been reviewed during the year and centre-led COVID-19 plans and responses introduced. Goodstart's enhanced data analytic capabilities have enabled valuable insights into safety performance and improvement opportunities.

Goodstart continues to transform itself, with work continuing on our centre-led philosophy, where managers become coaches, and centre directors are supported to lead their centres to better meet the needs of their children, families, teams, and communities. The organisational re-architecting required to ensure Goodstart is centre led is a long-term initiative, with several centre support functions re-aligned this year, and a 'Lead to Learn' development program helping to equip our centre directors with the skills they need to succeed as leaders.



I have advised the Board that I will be leaving Goodstart at the end of 2022 after more than 11 years as CEO. I love Goodstart, our people and everything we stand for, and look forward to seeing Goodstart continue to thrive under a new CEO.

I am extremely proud of what we have achieved at Goodstart in our first 12 years – the improvement in quality, how inclusive we have become, our commitment to safety, health and wellbeing, and to reconciliation, and the broader social impact we have had.

**I pay tribute to every single Goodstarter for everything they have done this year to support the children and families in our care, and I thank our 53,700 families for continuing to support us to support them.**

**Julia Davison**  
CEO

# Increasing social impact

## Goodstart is an agent of social change

All quality early learning in Australia delivers a social and economic benefit, and at Goodstart we deliver even more for children, families, and our community.

Goodstart has become the first large early learning provider in Australia to measure the impact of quality early learning and the social and economic value that we create for children, families, our community, and our nation.

Goodstart's Social Impact Study shows we're making a difference to Australia's children. Measuring our impact will help us shape an even stronger future Goodstart and will allow us to share more of our work and impact with governments, our people, our sector, and philanthropic partners.

## Our impact

### \$5.50 returned for every \$1 spent on our targeted social purpose investments

We have modelled the benefits for three key groups from our work at Goodstart:

- **Children** – supporting their learning, development and well-being outcomes
- **Families** – supporting their participation in work and connection to their community
- **Our communities and governments** – reductions in spending across a variety of sectors and increased taxation revenues.



One of the most valuable things about this study is that it will allow us to continue to track our progress, change course or invest more into programs we know are making a difference in the lives of children.

Read the high-level summary [here](#).

### About the Social Impact Study

Social Ventures Australia, one of Goodstart's Founding Members, undertook the 'Social Impact Study' of Goodstart Early Learning, informed by Social Return on Investment (SROI) methodology.

We would like to thank the families of many thousands of Goodstart children who attend Goodstart and make this kind of analysis possible, to Social Ventures Australia for joining us on this journey, the many Goodstarters who contributed to data generation and our critical friends, who assisted in the creation of this study.

## Our Targeted Social Purpose investments



	2022 \$000	2021 \$000	2020 \$000
<b>Targeted Social Purpose investments</b>	<b>47,324</b>	<b>42,027</b>	<b>41,035</b>
Quality improvement – Professional development	18,998	15,581	15,441
Quality improvement – Programs	7,576	6,435	5,247
Inclusion – Programs	9,559	8,355	10,698
Inclusion – Access and affordability	4,282	4,327	3,111
Inclusion – In support of children with additional needs	3,000	3,631	2,561
Reconciliation	1,223	1,143	611
Impact beyond Goodstart – Evidence & advocacy	2,686	2,555	3,366

### \* Goodstart's Social Dividend

Applying the social return on investment ratio estimated from Goodstart's 2020 data, it is estimated that a value of \$337m has been delivered through Goodstart's investment into social impact programs in 2022. This estimated social dividend represents the total social and economic value of the activities delivered for children, families, government and the broader community. It assumes that the short and medium term outcomes resulting from the 2022 activity are comparable to those from 2020 and that the longer term value of these outcomes also holds constant. Detail on how the social dividend is calculated is available in the summary document [here](#).



Our programs support our incredible Goodstarters to make every moment count for children in our care, and at the same time, we're delivering significant positive social impact for children.

Goodstart's investment in social inclusion and early intervention aims to keep pace with the developmental needs of Australia's children, with more than 5,000 children attending Goodstart identified as being at risk of being developmentally vulnerable. Many of these children have experienced trauma, and research tells us that the earlier we can intervene, the better their life outcomes.

Alma-Jane O'Donnell, National Manager, Child and Family Service, supports the delivery of Goodstart's universal practises and targeted interventions aimed at enhancing children's social and emotional development from birth to school age – particularly for children who have experienced trauma.

"We're seeing an increase in the number of children at risk of abuse or neglect nationally, and at Goodstart, it's no different. Our inclusion helpdesk team is currently processing about three referrals a week from Goodstart centres, in comparison to three referrals a month last year.

These referrals also come from external agencies who are seeking to support children to access early learning and care. Our helpdesk is a vital connection point for centres to draw down on additional support, such as our Intensive Individual Support Plan, to ensure we are providing the right level of support at the right time. We also discuss referrals with community services so children and families can get more support where required."

**Social inclusion snapshot**

**35**  
social  
inclusion  
programs

**1,200+**  
Goodstarters actively  
completed social  
inclusion programs

**100,000+**  
social inclusion reach –  
children, families and  
our people

# 2022 Social Impact Highlights

A child's first five years offers an unparalleled opportunity and at Goodstart we're delivering positive impact for Australia's children.

## We're...

**1** **Trusted by an increasing number of families** and enrich more children's lives

**2** **Delivering targeted support** for children by investing in inclusive early learning and early intervention programs supporting a **higher proportion of children most at risk and developmentally vulnerable children** than the sector as a whole

**3** Supporting access for a higher proportion of children in **rural and regional communities** than the sector as a whole

**4** Supporting a higher proportion of **Aboriginal and Torres Strait Islander children** than the sector as a whole

**5** **Stepping in to cover government shortfalls for children experiencing vulnerability** to attend our centres, while advocating to government for increased affordability and access

**6** **Investing in our ambitious First Nations workforce strategy**

**7** On a continual **quality uplift journey** – and our centres continue to exceed the sector average of Meeting and Exceeding the National Quality Standards

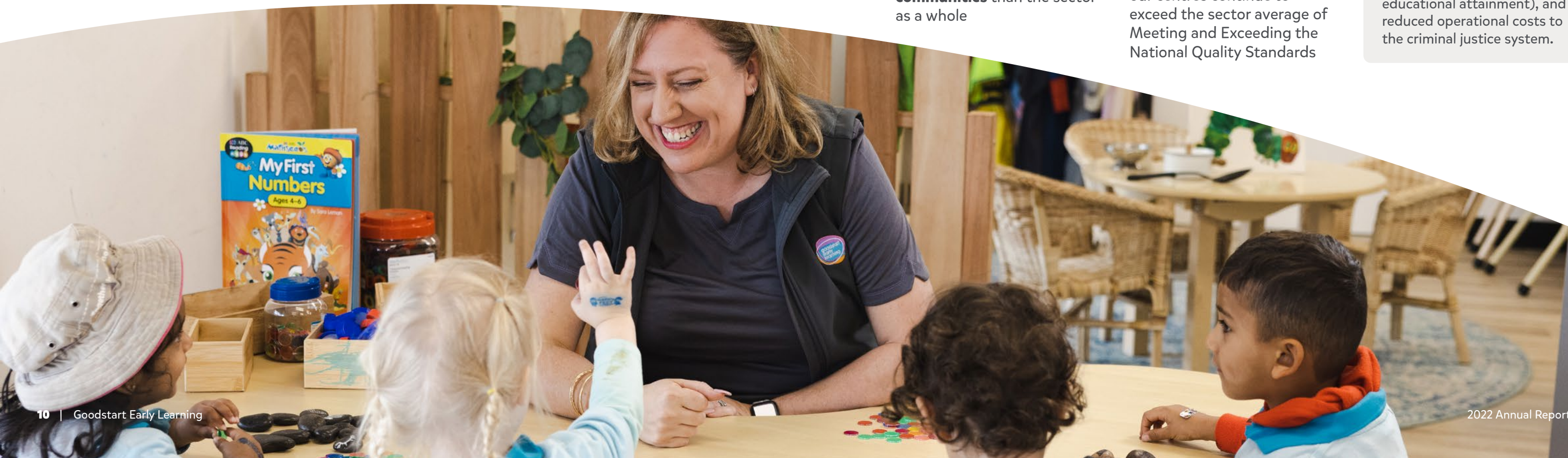
**8** Investing in **world class research** about what works best for children's learning

**9** **Supporting more children** than ever before **at serious risk of abuse and neglect.**



**Fact**

Early intervention provides life-long economic and social outcomes including a reduction in welfare assistance, decreased need for special education, increases in income tax revenue from higher wage earning (due to improved educational attainment), and reduced operational costs to the criminal justice system.



# Impact in numbers

Our social dividend **\$337m**

Our scale and reach  
**661** centres **63,600** children **53,700** families

## Improving early learning access

**10.3m**  
child attendances

**1,000**  
vulnerable children provided fee-relief

**\$3m**  
contributed to support children with additional needs



**26,000+** families accessing Goodstart at Home



**\$4.3m**  
contributed to support access and affordability



**COVID-19 support**  
\$21.2M gap fees waived for families

**31,870**  
children who attended our regional and rural centres

## Building a strong base for children's learning

**All Children Communicate!**  
expands to 50 centres



**\$19m**  
in training and development  
Up 21.9% from FY21

**98.2% quality exceeds**  
sector average for Meeting and Exceeding



**Study support – 338**  
Goodstarters supported with their teaching Bachelor's degree

**Certificate III and Diplomas – 350+**  
Goodstart employees supported

## Research and advocacy to improve child outcomes and create social change



**\$2.7m**  
towards vital early learning research about what practice works best for children

**4 major research partnerships and collaborations**



**Thrive by Five**  
Supporter of 5+ peak bodies and grass roots campaigns seeking reform



## Creating a sense of belonging for all Australia's children

**\$47.3m**  
in targeted social purpose programs



**6,000+**  
allied health support hours provided



**5,000+**  
children identified with a disability or developmental delay

**6,860+ Aboriginal and Torres Strait Islander children**  
2.6% more than sector average

**40**  
Enhancing Children's Outcome centres offering wrap-around support



# Our strategic goals drive our social purpose

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## Thriving Organisation

We will be a financially thriving organisation that reinvests to improve children's outcomes in and beyond Goodstart.



# Financial sustainability for social purpose

Goodstart recorded a statutory deficit of \$65.7 million in FY22.

Revenue fell 5.6 per cent due to lower occupancy and reduced Government support for COVID-19 impacts. Total expenses were kept to an increase of just 0.32 per cent after absorbing an increase in employee costs of \$21.3 million as a result of improved wages and conditions for educators in Goodstart's new Enterprise Agreement.

Funding this deficit will reduce accumulated financial reserves by around 31 per cent. While COVID-19 related losses were offset by Government business continuity payments during the shutdowns of 2021, this support was withdrawn at the end of 2021 before the onset of the Omicron waves from December 2021. Our enrolment pipeline was severely disrupted by Omicron, with occupancy down 6 per cent by the end of January compared with the previous year. The combination of lower revenue and higher costs due to COVID-19 saw considerable losses posted during early 2022.

We achieved savings in centre support costs including capital programs and projects, as well as a freeze on all but essential staff vacancies. After seven years of below sector average fee increases, we had no choice

but to bring forward our usual July fee increase to March to offset accumulating losses.

Despite these challenges, Goodstart has continued to invest in progressing our journey to becoming a world-class dynamic quality early learning provider. We have been restructuring our management, reporting and assurance systems to support centre leadership teams with coaching and expert services support roles.

We have invested heavily in our workforce with a new Enterprise Agreement, substantially improving wages and conditions for our people.

Goodstart opened six new centres in 2022: Elara NSW, Perth Kaadidjiny Maya WA, Bentleigh East Vic, Glebe NSW, Caulfield Vic, and Preston Vic. Our network has stayed much the same size as we also exited nine other centres. Our capital program continues to prioritise the replacement of older centres so we can improve our learning environments.

We continue to pursue sustainability across our network, working with our

landlords to install solar energy in 118 centres during the year. We have also worked to reduce our carbon footprint by sourcing education resources in Australia rather than overseas, reducing our car and bus fleet, and progressively converting our vehicles to hybrids.

## Big Fat Smile

Big Fat Smile has been a part of the Goodstart Early Learning Group since June 2020.

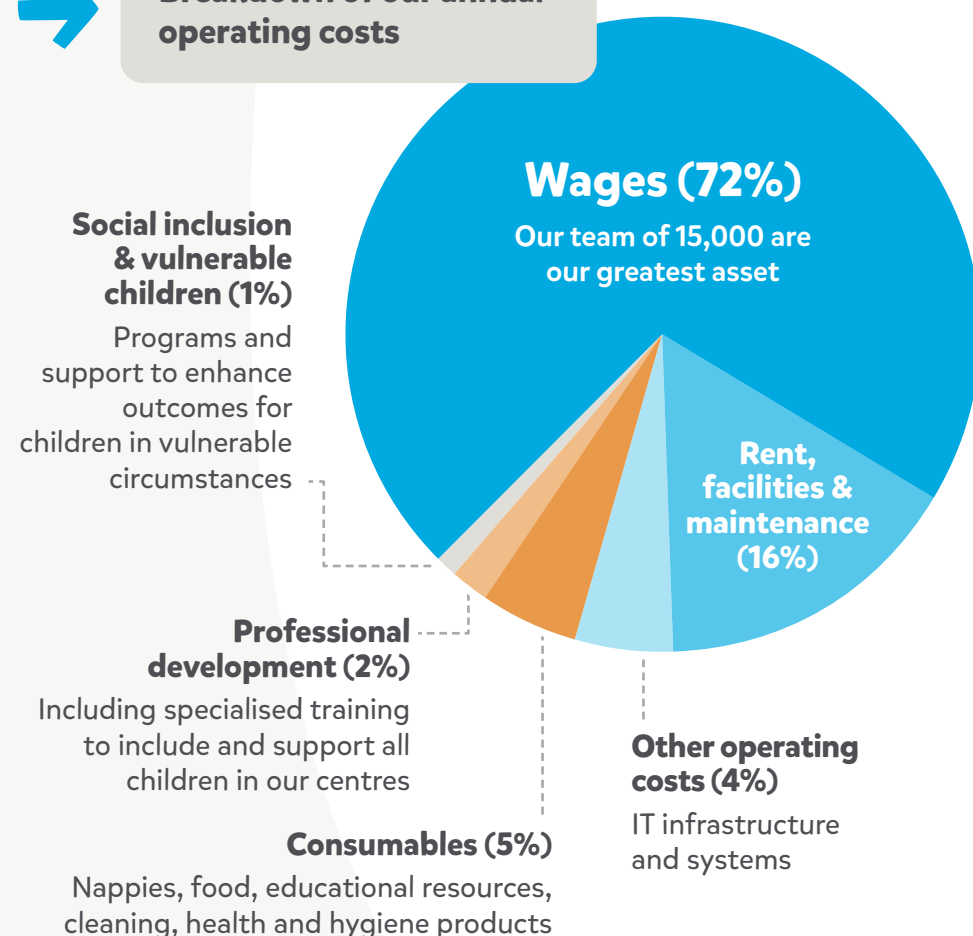
With 555 full time equivalent employees, Big Fat Smile operates 41 services including long day care, term only preschools and outside school hours care 'fun clubs'. 3,770 children from 2,970 families attend Big Fat Smile centres.

### Key Highlights

- **40 Years Strong!:** Big Fat Smile celebrated its 40th birthday during the year. Since being established in 1981 in the Illawarra, New South Wales, Big Fat Smile has reached into other communities, such as Western and South-west Sydney, South Coast and the ACT as well as nationally for our inclusion work.
- **Excellent Rating:** Big Fat Smile was proud to have its first service (Bellambi Point Community Preschool) receive an Excellent rating from the Australian Children's Education & Care Quality Authority (ACECQA). One of only 15 in NSW and 38 in Australia.



### Breakdown of our annual operating costs



### Consolidated statement of profit or loss for the year ended 30 June 2022

	2022 \$000	2021 \$000
Revenue from early learning centres	1,197,045	1,252,202
Government grants	57,624	74,706
Other income	3,358	5,218
<b>Total revenue</b>	<b>1,258,027</b>	<b>1,332,126</b>
Employee costs	920,874	899,542
Rent and Property expenses	81,716	99,204
Depreciation expense of right of use assets	86,045	91,561
Centre consumables	58,759	61,105
Depreciation and amortisation	40,914	40,606
Other expenses	52,625	44,963
<b>Total expenses</b>	<b>1,240,933</b>	<b>1,236,981</b>
<b>Targeted Social Purpose Investments*</b>	<b>47,325</b>	<b>42,027</b>
Quality improvement – Professional development	18,998	15,581
Quality improvement – Programs	7,576	6,435
Inclusion – Programs	9,559	8,355
Inclusion – Access and affordability	4,282	4,327
Inclusion – In support for children with additional needs	3,000	3,631
Reconciliation	1,223	1,143
Impact beyond Goodstart – Evidence & advocacy	2,686	2,555
<b>Net finance cost</b>	<b>1,899</b>	<b>2,649</b>
Interest expense on application of AASB 16 leases	80,916	65,832
Discount on acquisition	-	-
Net (deficit) / surplus for the year	<b>(65,721)</b>	<b>26,664</b>
<b>Total comprehensive (loss) / income for the year</b>	<b>(65,721)</b>	<b>26,664</b>

\* Targeted Social purpose investments included in expenses above



# Exceptional Quality

Our practice will be world class; we will deliver 'best practice' and discover 'next practice'.

## We aspire to be nothing less than exceptional

We're delivering higher quality early learning than the sector average because we invest more in our people and in programs that work best to enable all children to become life-long learners.

More than 98 per cent of Goodstart centres have been assessed as Meeting or Exceeding the National Quality Standards, which is above the sector average. Two centres hold the Australian Children's Education & Care Quality Authority's (ACECQA) rarely awarded Excellent rating and 196 centres – a third of our network – have been assessed as Exceeding. More than 50 of these centres have achieved an Exceeding rating in all seven quality areas including five centres in the last year – Nambour Doolan Street (Qld), Newtown (Vic), North Lakes Winn Street (Qld), Pascoe Vale Cumberland Road East (Vic), and Port Macquarie (NSW).

The published research is compelling, that the acquisition of communication and language in early childhood is a crucial foundation for later learning and development. This has long been a key focus of our practice and in 2021 we tested a prototype of the 'All Children Communicate!' Program across 30 centres. This intensive early communication and language program is designed to build on the existing knowledge and skills of teachers and educators to improve all children's language development. The successful prototype has now been extended to 50 centres for 2022.

We also intensified the focus on quality supervision in our centres, implementing a mandatory learning module on supervision: 'Super 7!' which supports the key supervision strategies to enhance children's safety across Goodstart services.

In 2021, Goodstart centres embedded environmental ratings scales (ERS) through a self-assessment process, to support the quality

of teaching and learning for children aged three to five years. More than 72 per cent of centres have completed their first self-assessment, giving them deeper insights to enhance their program and child outcomes. The program has continued into 2022 and has enabled centres to engage in targeted practice uplift in a continuous improvement model.

We continued to use the Early Years Toolbox to provide insights into children's development to support their learning, with approximately 14,000 children assessed in the last year across almost half of our centre network. Toolbox assessments validate existing observational data and are part of the process of planning, programming, and assessment to support children's progress.

Educational Leaders are crucial to the quality of teaching and learning in our centres and are supported with up to 10 hours of non-contact time and a newly developed nine-week professional development program to support educators across their centre.

Our 'Early Childhood Teacher' program continues to support hundreds of early career Goodstart teachers through the registration process. Its scope has widened to provide mentoring for all teachers in addition to professional development opportunities including our annual conference for all teachers.

**\$7.6m**

invested in early learning programs

**\$19m**

invested in professional learning

The COVID-19 pandemic presented many challenges but also opportunities, with educators further embracing outdoor learning opportunities. Learning support materials were provided to



**Goodstart's quality exceeds the sector average**

	Working Towards	Meeting	Exceeding
<b>Goodstart</b>	1.8%	67.7%	30.4%
<b>Long Day Care Sector</b>	12.8%	62.5%	24.6%

Source: ACECQA NQS Snapshot March 2022

Goodstart's quality uplift journey is evident  
**Centres Meeting or Exceeding NQS over past 5 years**

<b>7.9%</b> quality uplift	<b>91%</b> 2018	<b>93%</b> 2019	<b>96.4%</b> 2020	<b>98%</b> 2021	<b>98.2%</b> 2022
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centres to facilitate this activity. Goodstart at Home continued to be developed to support home-based learning supporting 26,000 families with more than 100 learning experiences developed by a team of Goodstart pedagogy and practice experts.

The existing Teachers Guide for 3-5-year-olds has now been augmented, in partnership with Macquarie University, with a Birth to 3-year-old Framework. The new framework was piloted in centres in Western Australia and Far North Queensland this year.

We are eagerly awaiting the new iteration of the decade-old national Early Years Learning Framework due in the next year. Goodstart has contributed to the development of the new Framework, including piloting elements of it in our centres.

As Goodstart embeds contemporary pedagogy and practice, and trials the discovery of 'next practice', we share key learnings and insights at industry and sector events, attracting significant sector engagement. Over the past year, Goodstart's General Manager of Pedagogy and Practice has hosted free webinars after hours, attracting more than 1,000 sector educators and teachers, interested in improving children's learning outcomes.



## All Children Communicate! making a positive impact

**'All Children Communicate!' is an intensive early communication and language program designed to build teachers' and educators' existing knowledge and skills around improving all children's language development through stimulating environments.**

Children's communication, language acquisition and progress is monitored and this supports educators and teachers to identify what children need to learn. The program is supporting

educators' professional identity and improving their confidence to have conversations with families using the evidence-based support.

Amalka (Educational Leader) Goodstart McDowall, Qld: "this is the best learning experience that I have ever done. I have learnt so much, and we are sharing the knowledge and making changes in our teaching immediately. I love it!" Amalka added "the centre practice has improved substantially since starting this journey thinking deeply about communication and language".

Sarah from Goodstart West Kempsey, NSW: "the program has made a huge difference to our practice, we are sharing the learnings with all team members, and it has provided such a strong focus on the importance of communication. The tools have really made it easy to understand children's development and children's next learning steps."



# Inclusion for Everyone

We will be a place of opportunity where all children, families and Goodstarters feel safe to belong.

## We're for inclusion for everyone

Goodstart has continued its journey to include and support all children in our centres – we embrace diversity and work to remove barriers so that more children participate and access early learning and care.

Goodstart has been investing in our Enhancing Children's Outcomes (EChO) approach since 2015 involving educators in 40 centres across Australia working alongside allied health teams to achieve better developmental outcomes in children experiencing vulnerability. By undertaking a new pilot that supports the provision of services billable under the National Disability Insurance Scheme (NDIS) for eligible children, we are providing vital access to allied health including speech pathology, occupational therapy, and child and family practitioner support, beyond our EChO centres, in an environment trusted and familiar for children and families.

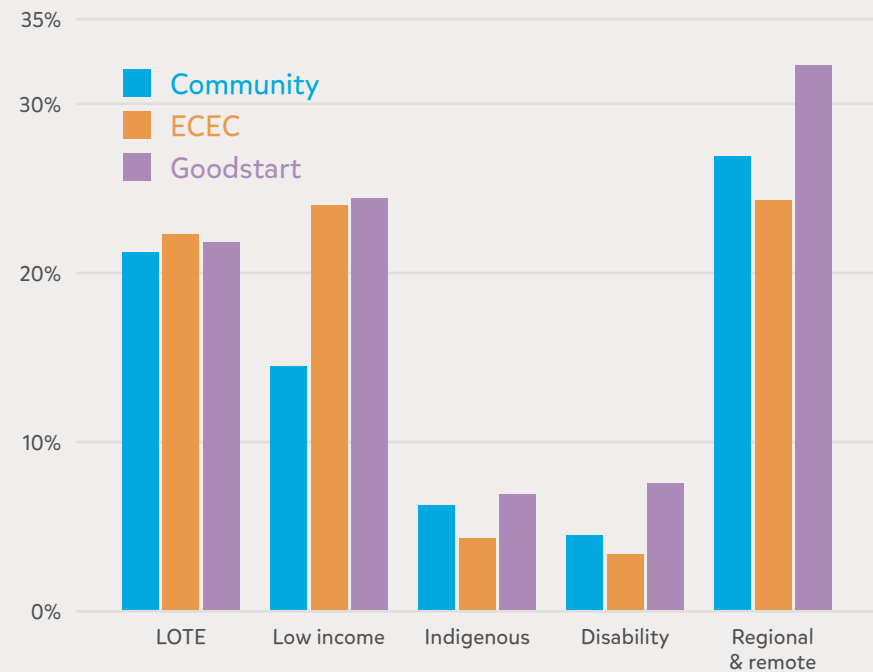
We delivered new learning modules in four streams of our Inclusive Practices Program to support educators working with children who are at risk, with developmental delay, with communication/language challenges or with autism. More than 200 centres have completed at least one stream of the program with many centres engaging in two or more streams.

Centres have also embraced our Inclusion Support Helpdesk, with the majority of services accessing support in the past year.

We continue to provide intensive support for children who need it, funding 83 Intensive Individual Support Plans for children with very high support needs in our centres. We also assisted more than 7,220 children and their families to access Additional Child Care Subsidy with 5,940 being children at risk of abuse or neglect.

The Early Learning Fund, operated in partnership with the Benevolent Society and Uniting Care NSW/ACT, supported more than 1,000 children

### Making a difference for all children at risk



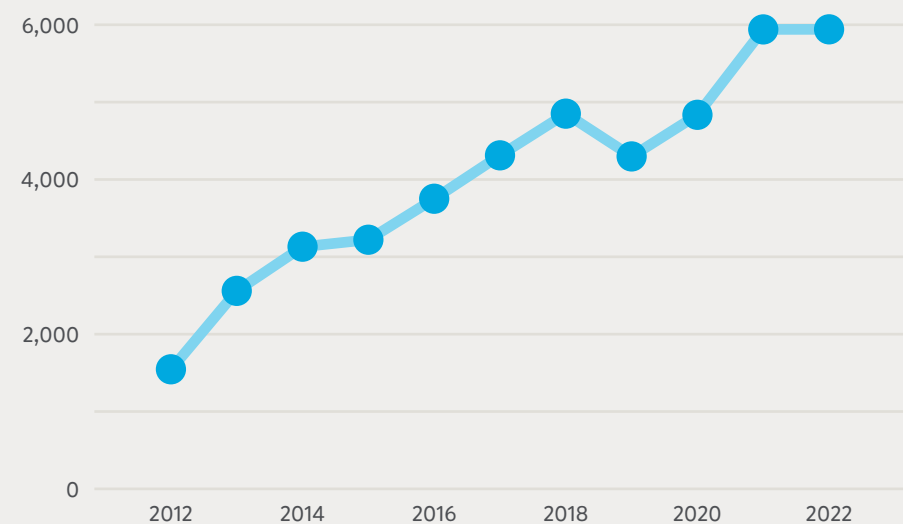
Goodstart current performance compared to the most recent publicly available data ([Productivity Commission \(2022\) Report on Government Services table 3A.11](#))

experiencing significant vulnerability to attend our centres. We are now using insights from the Fund to build the advocacy case to address the gaps in the public safety net so that all children can access early learning and care.

Professional supervision was provided for 168 centre directors working in disadvantaged communities, supporting them to become resilient leaders as their teams face unique challenges. 43 per cent of Goodstart centres have signed up to participate in the 'Be You' mental health in education initiative delivered by Beyond Blue, in collaboration with Early Childhood Australia and Headspace.

Compared with the rest of our sector, Goodstart now supports a higher proportion of children who are Indigenous, who have a disability or a developmental delay, living in families with a low-income, or from regional or remote areas. Our centres welcomed nearly four times as many children at risk than they did a decade ago – up from 1,546 (2012) to 5,940 (2022) – reflecting our commitment to inclusion for everyone, but especially children who benefit the most from early learning and care.

### Children at risk receiving Additional Child Care Subsidy at Goodstart



Children receiving Child Protection Services, ACCS Child Wellbeing or ACCS Grandparent

### Intensive Emotional Support Plan



**83**  
children supported



**\$12,000**  
average cost of program per child

### Celebrating Emily's progress

Emily\* is three years old and attends a Goodstart centre three days a week. She has a Global Developmental Delay and has a funded NDIS plan. Emily is receiving early intervention support to improve her communication skills and cognitive development.

The support Emily requires is multi-disciplinary and a cycle of support with Goodstart's Speech Pathologist was the first priority. A Speech Pathologist has worked with Emily and her educators to use visual cues to communicate her thoughts and feelings, with a word chart placed in her toddler room. Her progress is being tracked by the Speech Pathologist in collaboration with her family and educators to ensure Emily continues to benefit daily from our inclusive, high quality learning experiences that incorporate her learning goals.

Goodstart's model of care ensures Emily's parents actively contribute to her learning and development journey. Goodstart's use of the Story Park communication platform, has brought more transparency to daily progress – with videos shared of her interactions with other children and successes in expanding her vocabulary, as well as ways that her parents can extend Emily's learning at home.

\* Emily's name has been changed.

### Case study

Caiden\* was four years old and had been excluded from attending mainstream schooling, due to his frequent volatile, trauma-induced behaviours, and developmental delays. In negotiations between the Department of Education and Goodstart, he began the Intensive Individual Support Plan to help transition into mainstream schooling. Caiden has benefited enormously from Goodstart's evidence-based Intensive Individual Support Plan ahead of his transition, and over the first few weeks of starting school. Building his sense of safety and security, his emotional regulation has improved as well as his communication and social skills. Now with a sense of safety and security he is fully engaging in learning vital for his development and building positive relationships with his peers.

\* Caiden's name has been changed.





## NDIS: Improving single parents' sense of job security

Goodstart is not just shifting the dial for children with a disability through the provision of NDIS early intervention in our centres, it's having a positive flow on effect for families such as that of single parent John\*, whose job security has improved.

Goodstart's National Lead, Social Inclusion, Penny Markham says John's experience is not isolated. Goodstart has received overwhelmingly positive

family feedback because of its accessibility and convenience.

"John is a young dad who has a daughter with a disability. Between multiple appointments, and commuting times, he started to be pressured by his employer, which created a lot of fear about his job security," Penny said.

"When Goodstart could offer these appointments in-centre, John shared the enormous relief he felt, removing work pressures, and improving his sense of job security. Other parents have also shared how it's taken away the stress of having to navigate a tricky system."

*\* John's name has been changed.*

## No child misses out at Goodstart

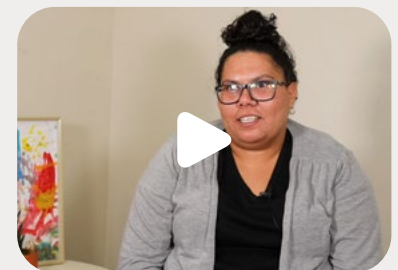
There are thousands of children experiencing significant vulnerability that are missing out on vital access to early learning across Australia because of their family and life circumstances. This puts children at a disadvantage early in life and was the driver for the establishment of the Early Learning Fund which removes cost as a barrier for families.

### Early Learning Fund impact

- 1,000+ children regularly attended early learning as financial cost barriers are removed
- 265+ children identified as Aboriginal and Torres Strait Islander
- 45+ children identified as refugee and humanitarian entrants
- 400+ children identified at risk of abuse or neglect

### Hear Brianna's story – play [here](#)

First Nations single parent Brianna relocated from Peaks Hill, NSW, to Brisbane to break the cycle of vulnerability and create a better life for her son Kayde. Thanks to early learning, Kayde is thriving across all areas of his development and at the same time, it has given Brianna an opportunity to work additional days to build her financial security and is aiding her ambition to buy a family home.



### Hear Lauren's story – play [here](#)

The Early Learning Fund's fee-relief meant three-year-old Layla continued accessing two days of early learning and care each week after both of her parents lost their jobs due to COVID-19. In her mother Lauren's words they "hit rock bottom" and it became a question of paying early learning fees today or putting food on the family table tomorrow.





# Amazing Goodstarter Experience

We will be known as a place  
where our people learn, grow  
and have a strong voice.

# Our people make the difference

Goodstart recognises the crucial role that our people play in the lives of the children attending our centres. As a not for profit, we put people before profit and invest more into making Goodstart a great place to work.

On 1 July 2021, our new Enterprise Agreement took effect. Simplification in our pay scales and structures were achieved, with now just three pay scales across the whole network. Educators will be paid 4 per cent above the award rate from 1 July 2022, rising to 5 per cent above award in 2023. Our new teachers' scale offers pay rates for most teachers close to or better than state school rates.

From 1 March 2022, Goodstarters were able to access employer funded paid parental leave for the first time. We also increased the discount on childcare for educators from 15-30 per cent to 50 per cent. Non-contact time was increased, and Goodstarters were able to access rostered personal wellbeing days.

The year has been incredibly challenging for the entire early learning and care sector workforce, with burnout and attrition rising. Vacancies in the sector have more than doubled since the pandemic began in early 2020. Goodstart has not been immune to these trends and, although we have fared slightly better than the sector as a whole, we have seen vacancies increase by 48 per cent since the beginning of 2020, and educator attrition rates have also risen.

Goodstart's strong brand has helped attract more than 5,000 new staff who were recruited and inducted over the year in a highly competitive market.

Goodstart provided strong support to our employees managing COVID-19, with high levels of safety and wellbeing advice and support, mandatory vaccination, access to special leave when isolating, and allowing employees to work from home where they could.

Goodstart is working to increase the diversity of its workforce, offering traineeships for Aboriginal and Torres Strait Islander educators, and establishing communities of practice for under-represented groups including male educators, people with a disability, and our LGBTIQ+ employees.

We are moving to a new model of support for our centre teams, with a coaching model evolving to support empowered centre leaders. The 'Lead to Learn' program has also been rolled out to build the enquiry skills of our centre directors.

Our learning and development offer is high quality, with learning modules constantly updated by experts in the field to support practice, inclusion, safety, and administration across the network.

**“Goodstart is very flexible and has always supported my professional development. Being able to work and study at the same time has been wonderful for me and my family. Even during COVID-19, which has been a tough time for everybody, Goodstart has always given me opportunities to gain more skills and knowledge.”**

**Asuka Kirby, Senior Educator, Goodstart Stafford (part of the Goodstart family since 2010)**

Our Goodstarters do amazing work each and every day and those that go above and beyond are recognised each year via our Goodies awards and in wider sector awards. This year one of our Darwin team was recognised.

Maria Baron was awarded our CEO's Goodstarter of the Year for Northern Territory (NT) in 2021 and also named the 'Outstanding Leader' at the NT Education and Care Awards, recognising her contribution to continuous quality improvement at her Goodstart Nightcliff centre.

**“I have been supported by leaders both in centre and across the organisation and it has made me confident to do my job.”**

## The Goodstart difference



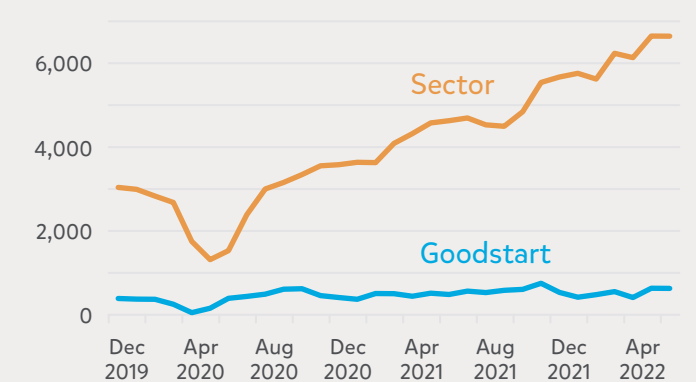
We invest in our people to ensure children receive the best possible start to life.

From 1 July 2022, we are offering:

- Wages for graduate teachers higher than public schools in every state
- Wages for educators at least 4% higher than the award rate (rising to 5% higher in 2023)
- 4 weeks paid parental leave (rising to 6 weeks in 2023)
- 50% discount on childcare for educators and teachers
- 2 rostered personal wellbeing days
- Programming time around twice the amount prescribed by the award
- Generous study leave and assistance for educators upgrading their qualifications
- Access to world class professional development opportunities
- Salary packaging as an FBT rebateable employer.



**New monthly vacancies – Goodstart vs ECEC sector**



**Note:** Sector vacancies increased by 119% since December 2019. Goodstart vacancies rose 48% during that period.



# Personalised Family Experience

We will value our families for who they are and what they bring.



At Goodstart, families are our primary partners – a child’s first teachers. We are absolutely committed to working with our families to deliver the best possible individualised learning and care for their children.

## What our families say:

“My son started at Goodstart when he was 6 months and now he is 21 months. We have seen him develop and learn so much over this time.”

“Great relationships with children; excellent communication with families; quality program.”

“Teachers and educators see the children as individuals. They respect their personalities and unique quirks and allow for individual freedom and agency.”

“The educators inform us of our son’s development and different milestone achievements.”

Keeping pace with the demands of family life, we continue to offer enriching learning experiences via Goodstart at Home which, over the past year, improved its online capability and family experience. More than 26,000 families have used our online learning resource, up from 15,000 last year.

Goodstart’s families are strong advocates for the demanding work our educators and teachers do in centres every day, to shape their children’s lives.

Families’ likelihood to recommend Goodstart (out of 10)

→ **8.81** FY22

All of our families are invited to provide feedback on our services, and their feedback helps inform continuous improvement of our service and practice. A key performance indicator for Goodstart is how likely (out of 10) families are to recommend their centre to another family.

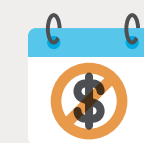
Goodstart centres have been assessed as consistently well above the national average for the quality of our partnerships with families and communities (QA6), leadership and service management (QA7) and staffing arrangements (QA4).



## 738k unique views

Goodstart’s website and our First Five Years website has published a range of evidence-based tips and advice to support Australian families with their child’s development.

## Public holidays



### We don’t charge fees for public holidays.

\$42.2 million combined saving for Goodstart families.

## Gap fees waived



### \$21.2m of gap fees waived

for families impacted by COVID-19, and \$0.6M of gap fees waived for families impacted by 2022 floods.



# Impact Beyond Goodstart

We will create an unstoppable force for change in the early years ecosystem.

**Goodstart draws on our insights across all states and territories, our data analytics and our expert policy and advocacy team, to influence broader public policy debates about early learning across Australia. We are recognised as a trusted adviser by Government, policy makers, the sector, and media leaders.**

We work with multiple partners to amplify our impact and are building engagement with our network of educators and families to empower them as advocates for early learning.

Our dedicated campaign website Smart Start has 15,400 subscribers and is an active online community. Goodstart has partnered with Mindaroo Foundation's 'Thrive by Five' campaign and The Parenthood to build broader community support for, and understanding of, the importance of early learning. We actively contribute to the work of our peak bodies, the Early Learning and Care Council and Early Childhood Australia.

In the lead up to the Federal Election, Goodstart welcomed candidates from all major parties to visit our centres and hosted five major media events. We actively engaged with all major parties, with the Liberal Party implementing a \$1.8 billion affordability policy for families with two or more children in care from March 2022, and the Labor Party making a \$5.4 billion 'cheaper childcare' policy and commitment to an 'Early Years Strategy' a centrepiece for its election campaign.

In June 2022, the New South Wales and Victorian Governments announced major early learning reforms to introduce a 'pre-prep' year of 30 hours of early childhood education and care. Goodstart welcomed this reform and has been actively engaging with both governments, and with all state and territory governments on preschool funding reform.

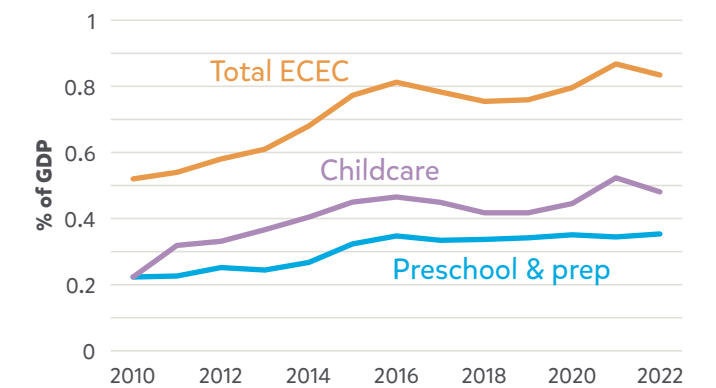
Goodstart continues to engage with governments on improving access to early learning for children known to child protection, and has finalised funding projects with the Victorian, South Australian, Queensland, and Commonwealth Governments to support these children.

We are a founding member of the Early Years Catalyst Group which has a strong focus on identifying the deep forces compounding

disadvantage and prioritising opportunities for change. This work will feed into the Commonwealth's proposed Early Years Strategy.

Goodstart's data analytical capacity and research partnerships are helping to build the evidence base to inform policy makers. We have collaborated with the Lifecourse Centre of Excellence, the Mitchell Institute, and the Front Project on research projects, and continue to progress a longitudinal data linkage project with the University of Adelaide. Evidence for Learning remains a key strategic partner to share and build the evidence base of what works in the early years and support teachers and educators working within and beyond Goodstart with over 600,000 hits on their website.

**Public investment in ECEC as a % of GDP**



We worked closely with the Centre for Policy Development to shape their 'Starting Better Guarantee' making the case for a 'guarantee' to all Australian children and families to support better social, economic and child development outcomes.

Our Thought Leaders Advisory Group met virtually in September 2021 focusing on the development of child outcome measures to inform national preschool reforms, with Chair Sir Kevan Collins sharing the insights with the Commonwealth's Ministerial Expert Advisory Group.

Response to COVID-19 impacts and the floods were key challenges over the year, with support granted by the Federal Government to assist our centres during the 2021 lockdowns and the 2022 flood emergencies in Queensland and New South Wales. At its peak, 120 centres were closed due to floods, and five centres have required major rebuilds.



## In focus: Safety, health and wellbeing update

### Safety starts with each of us

Transformation of our safety processes, introducing centre-led COVID-19 plans and responses and introducing innovative machine learning are all symbols of Goodstart's ongoing commitment to safety, health and wellbeing.

As the largest early learning provider, we have a duty of care to Australia's children that we take very seriously – we're always seeking to improve our safety performance and share what we know with government, our sector, and our families.

Following the appointment of a Chief Safety Officer last year, Goodstart's safety, health and wellbeing team has been expanded, and now includes a food safety specialist and child safeguarding experts. Processes and assurance frameworks have been updated and our COVID-19 response has evolved.

Safety partners offer expert services to centres, and safety specialists are dedicated to system improvement over the medium to long-term.

We launched Goodstart's 'Safeguarding Children' Framework which sets out a blueprint to become a certified Child Safe Organisation. The development of the Framework over 18 months, included input from hundreds of Goodstarters, as well as children and families through our network of 70 Child Protection Advocates.

Our child injury rate continues to be among the best in the sector, however, Goodstart is always seeking to be better. In an Australian sector first, machine learning was used to analyse safety data and applied to further improve assurance and safety outcomes for child and adult (employee) injury rates. This has allowed more informed decision-making to reduce child and adult injury rates within our centres.

In each wave of the COVID-19 pandemic, our centres have been at the forefront of the COVID-19 response. As essential workers, our teams have had to shoulder the responsibility of keeping children and each other safe.

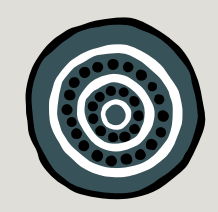
Goodstart introduced a 'COVID-Shield' framework providing clear guidance for centres on effective controls to limit the spread depending on the level of community risk. At the same time, Goodstart mandated COVID-19 vaccinations – one of the earliest major employers to do so, recognising the best way to protect unvaccinated children in our care was to vaccinate the adults around them.

Safety Champions have been appointed and trained in each centre to drive greater safety performance and accountability and strengthen assurance nationally around key risk areas, including medication, food safety, supervision, and environments. Drawing on their insights, we have strengthened our rules and assurance around key risks including transport safety, visitor management, and outdoor safety.

## In focus: Reconciliation

Every Goodstart employee takes an active role in reconciliation, getting involved in our organisation's Stretch RAP 2020 - 2023, or being part of the 660 centres on their RAP journeys.

Close to 3,000 Goodstarters have undertaken Arrilla Cultural Training over the past year, and every centre embraces and celebrates culturally significant events including NAIDOC Week, National Reconciliation Week and National Aboriginal and Torres Strait Islander Children's Day celebrations. Goodstart is also embedding Aboriginal and Torres Strait Islander perspectives into our learning opportunities.



**14,000**  
Number of Goodstarters who have completed Arrilla Cultural Training since 2019

### Moving from safe to brave

Over the past year, our deepening cultural learning and relationships with Knowledge Holders, Elders, and community, has inspired us to take more brave and affirmative action. This has taken many forms, including our CEO challenging Goodstarters to be 'Reconciliation Allies' during National Reconciliation Week and beyond.

Goodstart's Board formally endorsed an ambitious First Nations Employment Strategy last year targeting a workforce participation rate of seven per cent by December 2025.

### 2025 First Nations employment target

→ **7%**



## Amplifying First Nations Voices

Last year Goodstart introduced a First Nations Leaders Group and a Voices Group which meet regularly to help co-design future initiatives and, in early 2022, state-based yarning circles were introduced to encourage participation by all First Nations Goodstarters. Their knowledge and insights have helped us fast track improvements to our on-boarding and recruitment processes and is helping us build a more culturally safe workplace.

In September 2021, Goodstart was invited, as the only early learning provider, to join 41 other large employers in establishing Australia's first Indigenous Employment Index on the state of Indigenous employment parity. The research also explored employment practices and the lived experiences of Aboriginal and Torres Strait Islander employees. The index provided Goodstart with a benchmark to measure our progress against other organisations in providing a culturally safe workplace where all First Nations Goodstarters can thrive.

## FY22 Key milestones

<b>1st early learning provider</b>	Goodstart is one of 42 Australian organisations involved in the Indigenous Employment Index
<b>12</b>	First Nations Leaders, Voices and state based yarning circles taking place at least monthly involving First Nations Goodstarters
<b>660</b>	Centres on their reconciliation journey with Narrangunnawali
<b>35%</b>	of centres (233) have published their RAPs
<b>427</b>	centres have draft Reconciliation Action Plans
<b>2.08%</b>	Goodstart employees identify as First Nations
<b>6.9%</b>	of Goodstart children identify as First Nations (6,860+). <b>2.6%</b> points above sector average
<b>\$1.2M</b>	invested in reconciliation activities and programs
<b>\$973K</b>	monies spent with 25+ Aboriginal and Torres Strait Islander-owned businesses
<b>11</b>	Educator secondments in our cultural immersion program
<b>32</b>	First Nations interns and trainees engaged
<b>79 centres</b>	participated in our Community of Practice to enrich their cultural learning
<b>Proud sponsor</b>	SNAICC National Conference 2021, and 2021 Australian Reconciliation Convention

**“I feel a sense of pride in my organisation when speaking with other First Nations community members as I know that First Nations voices are shared and valued and our commitment to reconciliation is authentic. This has changed a lot over time, and I know that we’ll continue in the right direction.”**

**Nykita Gibbs, Goodstart Elizabeth Vale, First Nations Voices Group member**

**Cultural immersion program:** over the past year, 11 educators have experienced 12-week secondments, joining the teams at Baya Gaway Buga yani Jandu yani u Centre in Fitzroy Crossing, Western Australia, and Manayingkarirra Child and Family Centre in Northern Territory. Semeel Nersou, a Senior Educator at Goodstart Mill Park – Centenary Drive, shares her experience: “This is a once in a lifetime opportunity... I didn’t know how much I didn’t know. The Elders have taken me under their wing and have shared with me more than I have ever imagined.”

**Cassy Baker a 2022 Robert Skyes Scholarship recipient:** a PittaPitta woman, and Goodstart’s Regional Queensland State Manager was awarded a highly prestigious scholarship to attend Harvard University in Boston, by the Chief Executive Women and the Aurora Foundation. The scholarship will support Cassy’s ambition for greater social impact through reconciliation.



# Community impact

At Goodstart, we work to make a difference to thousands of children and their families every single day of the week, but we're always looking to do more.

→ **50+**

charities & causes supported

## Supporting:

Access and participation to early learning

→ **\$218K raised**

1 in 4 Goodstarters personally donate via their pay to the Early Learning Fund



## First Nations led campaigns

### 83 centres

raised \$6K for Children's Ground 'Wear It Yellow' day during National Reconciliation Week

### \$4K raised

for First Nations Homelessness Project by our WA centres and centre support team

### Uluru Statement from the Heart

Hundreds of Goodstarters pledged their support for the Uluru Statement from the Heart and took another step during National Reconciliation Week to write their local MP

## Communities in great need

### NSW Floods – support for the Bundjalung Nation

\$100K+ worth of goods donated to the local community, including to seven Aboriginal owned and run early learning providers or providers with a high proportion of First Nations children. Our work has been made possible by Goodstarter donations and working in partnership with Good360 and our suppliers Kimberly-Clark and Modern Teaching Aids. Goodstart is working to ensure we can support the community wherever needed over the medium to long-term.

### Western Sydney and western NSW – supporting during COVID-19

Working in partnership with suppliers including GMK Logistics, Coles, Woolworths, Kimberly-Clark, Modern Teaching Aids and Winc, thousands of donations via bulk shipments turned into care packs for children and families experiencing significant COVID-19 impacts including social isolation. Some of the beneficiaries included 2,500 children in western Sydney (delivered via The Children's Hospital at Westmead) and families living in western NSW communities, including Dubbo, Enngonia, Burke and Bathurst (delivered by staff at the Western NSW Local Health District).

## Centre spotlights

"We are ready with our fundraiser items (handmade by children), to raise money for people who are affected by NSW and Qld floods."

*Goodstart Clayton, Vic*

"Celebrating B105 Brisbane (radio station) Heroes4Heros day! Raising money for the SES and creating care packages with letters and drawings from children to say thank you."

*Goodstart McDowell, Qld*

"One of our preschool children Roxie was recently diagnosed with Lymphoma with her family with her in Adelaide receiving treatment. Goodstart Wulagi and Wulagi Preschool have fundraised in excess of \$8,000 to support her family."

*Goodstart Wulagi, NT*

"We identified a great need to support some of our families with everyday struggles like feeding their families. We started a pantry and sourced support of a local charity group "secondbite" allowing us to go into Coles on a weekly basis and collecting bakery items for families in great need."

*Goodstart Huntingdale, NSW*

"Our neighbouring Goodstart centres rallied with us to collect items from our teams and families and in partnership with Hope in a Suitcase, we put together suitcases for local agencies to collect for children in out-of-home care."

*Goodstart Hoppers Crossing Heaths Road, Vic*





# Annual Financial Report

**Goodstart Early Learning Ltd**

ABN 69 139 967 794  
30 June 2022

**More than early learning,  
we deliver social impact**

# Directors' Report for the year ended 30 June 2022.

The directors present their report on the consolidated entity (the "Group"), consisting of Goodstart Early Learning Ltd ("Goodstart" or the "Company") and the entities it controlled for the financial year ended 30 June 2022 and the auditor's report thereon.

## A Directors

The directors of the company at any time during or since the end of the financial year are set out below:



### Paul Robertson AO

*B Comm; FCPA*

Goodstart Chair, Non-executive Director. Member, Audit and Risk Committee. Chair, Remuneration and Nominations Committee. Member, Quality and Social Purpose Committee

Appointed 1 December 2019

Paul Robertson has extensive experience as a Non-Executive Director and Chair in a wide variety of commercial and not-for-profit organisations across Australia. He is the immediate past Chair of Social Ventures Australia, St Vincent's Health Australia and Alzheimer's Australia (NSW). He was also a Director of Dementia Australia, Sydney Theatre Company Foundation and Telco Together Foundation. He is currently Chair of Tonic Media Network, Chair of Grace Papers, Chair of Kinela, and Founder and Director of the Financial Markets Foundation for Children. Paul has broad experience in finance including 27 years as Global Treasurer and Executive Director at Macquarie Bank.

He was made an Officer of the Order of Australia in 2018 for distinguished service to the community through ethical leadership and management of, and philanthropic contributions to, health, social enterprise, research, education and arts organisations.



### Natalie Walker

*BA (Psych); LLB*

Non-executive Deputy Chair. Member, Quality and Social Purpose Committee. Member, Remuneration and Nominations Committee

Appointed 1 December 2018

Natalie Walker is the founder and managing director, of Inside Policy, a privately-held boutique public consultancy and data analytics firm that advises government, corporates and not-for-profits on a range of social and economic policy matters. She is a committed advocate for reconciliation and was previously the chief executive officer of Supply Nation, a start-up greenfields company focused on increasing the participation of Indigenous business in the supply chain of Australia's largest companies. Ms Walker has held roles at KPMG Australia, the Australian Human Rights Commission and in the Queensland Government.



### Julia Davison

*BSc (Hons); MPA; MAICD*

Director and Chief Executive Officer Appointed 29 June 2011

Julia Davison joined Goodstart as its Chief Executive Officer in February 2011. Julia has led the development of Goodstart's strategy and its transformation

over the last 11 years and has extensive senior management experience in the human services sector in Australia and the UK. Between 1999 and 2004 she was CEO at Flinders Medical Centre, a large teaching hospital in Adelaide. From 2004 to 2010 Julia was CEO of WorkCover SA. Julia is a member of the Cape York Education Board and has held a number of non-executive roles including Chair of Catherine House, a not-for-profit working to solve women's homelessness, Director of Territory Insurance Office, NT and Director of Business SA. She has a strong interest in public policy and has a Masters degree from the Harvard Kennedy School.



### Lynelle Briggs AO

*B Econ; GAICD*

Non-executive Director. Chair, Safety, Health and Wellbeing Committee. Member, Audit and Risk Committee

Appointed 15 December 2015

Lynelle Briggs was a Commissioner on the Royal Commission into Aged Care Quality and Safety. She is currently an Independent Director with Maritime Super, and independent member of the Government's Aid Governance Board. She was Chairperson of NSW's Planning Assessment Commission and Independent Chairperson of the General Insurance Code Governance Committee. Prior to joining Goodstart, Lynelle was a Councillor with the Royal Australian College of General Practitioners and a non-executive director with the Australian Rail Track Corporation. Lynelle is a former Australian Public Service Commissioner and former chief executive of Medicare Australia. She has extensive experience in the Australian Public Service, working in a wide range of fields, including social security, health and community services, transport, external territories, employment and labour market support and veterans' affairs. Lynelle became an Officer in the General Division of the Order of Australia in 2013 for distinguished service to public administration, particularly through leadership in the development of public service performance and professionalism.



### Philip Coffey *BEC (Hons); GAICD; SF Finsia*

Non-executive Director. Member, Audit and Risk Committee (from 1 January 2022)

Appointed 06 December 2021

Phil Coffey is a highly regarded senior executive leader who has deep financial services experience. For over 20 years, Phil worked at Westpac Banking Corporation including three years as the deputy CEO of Westpac Group. Prior to this role, Phil held a number of executive positions including Chief Financial Officer and Group Executive, Westpac Institutional Bank. A passion for education led to Phil's involvement in the Westpac Scholars program and his appointment as the inaugural Chair. Phil has over 30 years of senior executive experience – from leading significant investment decisions, large technology projects to mergers and acquisitions. Phil began his career at the Reserve Bank of Australia and he has also held executive positions at Citibank. Phil is serving on two boards in addition to Goodstart; Macquarie Group Limited and LendLease. He recently retired from the Board of Clean Energy Finance Corporation.



### Professor Sir Kevan Collins *Ed.D*

Non-executive Director. Member, Quality and Social Purpose Committee. Member, Remuneration and Nominations Committee

Appointed 1 December 2018

Sir Kevan Collins has worked in the UK public service for more than 35 years becoming the first Education Endowment Foundation (EEF) chief executive from October 2011 to September 2019, having previously been chief executive in the London Borough of Tower Hamlets. Prior to this role he led a varied and distinguished career in education – starting off as a primary school teacher in London, leading the English Primary Strategy as national director, and then serving as director of Children's Services at Tower Hamlets. Sir Kevan has international experience working in Mozambique, supporting the development of a national literacy initiative in the USA and has recently been appointed to the inaugural board of the Australia Education Research Organisation. Sir Kevan is Chair of the Youth Endowment Fund, a Home Office funded national programme designed to use evidence to reduce levels of youth violence and crime in England and Wales. He completed his doctorate focusing on literacy development at Leeds University in 2005. Sir Kevan holds an honorary degree from Durham University, is a visiting professor at the University of London, and was knighted for services to education in 2015.



### Chris Harrop *MBA (Hons); B Comm (Hons)*

Non-executive Director. Chair, Audit and Risk Committee

Appointed 01 January 2019

Chris Harrop is a Director in the Melbourne office of Bain & Company where he has worked for nearly 30 years in the US, UK and Australia and recently completed a six-year term on the global Board of Directors. Bain is a global strategy consulting firm with over 14,000 staff across 65 offices in 40 countries. Chris has worked with clients in many industries, with a focus on services businesses. He has specialised in projects addressing corporate strategy, customer experience improvement and broad-based transformational change. Chris is a Non-executive Director at Social Ventures Australia and was a long-serving board member of the Australian Brandenburg Orchestra. He is a co-founder of Restacking the Odds, a not-for-profit partnership between Bain, SVA and MCRI working to address inter-generational disadvantage in Australia. Chris earned an MBA with Honours from IMD in Lausanne, Switzerland, and a Bachelor of Commerce with First Class Honours in Marketing from Otago University in New Zealand.



### June McLoughlin *M.Ed*

Non-executive Director, Chair, Quality and Social Purpose Committee. Member, Safety, Health and Wellbeing Committee

Appointed 15 December 2015

June McLoughlin is the Executive Director Services at Our Place, a Colman Foundation Initiative. June has extensive experience in both policy and service development, research and practice in the early childhood, family support and children's services fields, which has given her a broad and deep understanding of issues relevant to the needs of parents and their children. June has managed many state and national projects designed to refocus early years services to provide more integrated support for families with young children with a particular interest in vulnerable children.



### Tony Nicholson

*BA; BSW*

Non-executive Director. Member, Quality and Social Purpose Committee

Appointed 08 May 2018, Retired 31 March 2022

Tony Nicholson has been a senior executive in the social services and policy sector with 27 years' experience in leadership of diverse and complex community organisations. This has involved a passion for, and a strong record in, service development and innovation, research and policy analysis and compelling advocacy on behalf of those disadvantaged in our community. Tony's advice has frequently been sought by governments, most notably as Chair of the Australian Government's White Paper on Homelessness, Chair of the Prime Minister's Council on Homelessness, Deputy Commissioner with the Victorian Government's Royal Commission into Family Violence and as a member of the Victorian Metropolitan Planning Strategy Steering Committee. Most recently he was the Executive Director of the Brotherhood of St Laurence for thirteen years from 2004 to 2017.

## Directors' Report (continued)

## B Company Secretaries

Lois Aumuller FGA was appointed to the position of Company Secretary on 23 August 2011. Lois is a corporate governance professional with over 25 years' experience gained through company secretarial and governance administration positions in not-for-profit, publicly listed and government owned organisations both in Australia and the United Kingdom.

Gavin Bartlett LLB was appointed to the position of Company Secretary on 28 May 2010. Gavin is a solicitor admitted to the Supreme Court in Queensland and Victoria and to the High Court of Australia, and has over 20 years' experience in legal practice, both in private practice and in managing in-house legal teams across Australia and New Zealand.

## C Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year ended 30 June 2022 were:

	Board of Directors		Audit and Risk Committee		Remuneration and Nominations Committee		Quality and Social Purpose Committee		Safety Health and Wellbeing Committee	
	A	B	A	B	A	B	A	B	A	B
<b>L Briggs</b>	5	5	4	4	-	-	-	-	6	6
<b>P Coffey*</b>	4	4	2	2	-	-	-	-	-	-
<b>K Collins</b>	5	5	-	-	4	4	4	4	-	-
<b>J Davison</b>	5	5	-	-	-	-	-	-	-	-
<b>C Harrop</b>	5	5	4	3	-	-	-	-	-	-
<b>J McLoughlin</b>	5	5	-	-	-	-	4	4	6	3
<b>T Nicholson**</b>	4	4	-	-	-	-	3	3	-	-
<b>P Robertson***</b>	5	5	4	4	4	4	4	4	3	3
<b>N Walker</b>	5	5	-	-	4	4	4	4	6	6

**A** Number of meetings held during the year while the director was a member of the Board or Committee

**B** Number of meetings attended by the director during the year while the director was a member of the Board or Committee

\* P Coffey joined the Board on 6 December 2021.

\*\* T Nicholson resigned from the Board on 31 March 2022

\*\*\* P Robertson joined the Safety Health and Wellbeing Committee on 1 January 2022. Prior to that date, he attended the meetings in an ex-officio capacity.

The Executive Director (CEO) attends the Audit and Risk Committee, Remuneration and Nominations Committee and Quality, Safety Health and Wellbeing Committee and Social Purpose Committee at the invitation of those Committees.

R Koczkar attends the Audit and Risk Committee meetings as an external adviser.

There are no management representatives appointed as members of any Board Committee.

## D Principal activities

Goodstart is a not-for-profit company incorporated on 13 October 2009. The principal activity of the Company is the provision of early learning and childcare services in a manner consistent with the achievement of our company objectives. There were no significant changes in the nature of the activities of the Company during the year.

## E Operating performance

In the year ended 30 June 2022, a net deficit of \$65.7 million (2021: net surplus of \$26.7 million) was reported and net assets decreased to \$64.5 million (2021: \$130.2 million).

## F Company objectives

Goodstart has set six strategic priorities that will drive the strategic direction of the organisation. They are:

### Exceptional Quality

Our practice will be world class: we will deliver 'best practice', and discover 'next practice'. Through this, we will create enjoyable learning experiences for each child that prepares them to take on the world, now and into the future.

### Inclusion for Everyone

We will be a place of opportunity where all children, families and Goodstarters feel safe to belong. This means we will think differently and do more to create opportunities for those children, families and Goodstarters who may be experiencing exclusion. Through this, everyone at Goodstart will be able to thrive.

### Impact beyond Goodstart

We will create an unstoppable force for change in the early years ecosystem. We will build indisputable evidence of what works for children in the first five years, and we will rally our network of Goodstarters, families and communities to work with others to ensure that all Australia's children have the best start in life.

### Amazing Goodstarter Experience

We will be known as a place to learn, grow and have real voice. People will flourish when they become a Goodstarter, so that together we can make the difference for children and families, in each local community and across our whole Goodstart community.

### Personalised Family Experience

We will value our families for who they are and what they bring. From this base, we will work with them in partnership to realise their aspirations for their children – including by supporting family life and enhancing learning and development at home – as part of a rich, seamless Goodstart experience.

### Thriving Organisation

We will be a financially thriving organisation that reinvests to improve children's outcomes in and beyond Goodstart. We will be agile, innovative and responsive to challenges and opportunities now and in the future. We will be the best at getting better.

These are underpinned by our safety aspirations, and reconciliation is weaved through everything we do.

### Safety

Children, families and Goodstarters will be physically, emotionally and culturally safe at Goodstart. We will all be proactive about promoting wellbeing, preventing harm, and speaking out on matters of safety. Safety will underpin everything that we do.

### Reconciliation

We will deepen our reconciliation journey. As Goodstarters, we will engage with reconciliation on both personal and professional levels, creating the conditions that support Aboriginal and Torres Strait Islander social justice, equality and equity. Through this, we will grow a society that values and recognises Aboriginal and Torres Strait Islander cultures and heritage as a proud part of a shared identity.

Details of achievements and activities undertaken during the 2021/22 year are included on pages 12 to 41.



## G Measurement of performance

Goodstart is committed to measuring its impact on children's lives. The following key performance indicators have been developed and are continually refined for each of Goodstart's Strategic priorities:

### 1. Exceptional Quality

- a) Percentage of centres exceeding the National Quality Standards
- b) Percentage of centres operating at Environmental Rating Scale of 6 or 7
- c) Percentage of centres achieving at least a score of 5 across 15 Environmental Rating Scale items
- d) Percentage of children improving above expectations

### 2. Inclusion for Everyone

- a) Percentage of vulnerable children accessing adequate early learning in the 2 years before school
- b) Percentage of all Goodstart children accessing adequate early learning in the 2 years before school
- c) Percentage of Goodstarters agreeing that Goodstart as a workplace is inclusive and diverse
- d) Number of children excluded
- e) Percentage of vulnerable children improving above expectations

### 3. Impact Beyond Goodstart

- a) Percentage of community support for 2 years of early learning
- b) Government investment in early learning (% of GDP)
- c) Evidence index
- d) Early years ecosystem index

### 4. Amazing Goodstarter Experience

- a) Employee initiated turnover
- b) Employee net promoter score
- c) Growth and development index
- d) Investment in learning and development

### 5. Personalised Family Experience

- a) Net promoter score (current and exited families)
- b) Children who left Goodstart before they were eligible for school as a percentage of all children who left
- c) Family Brand Preference Index (Addressable Market Consideration)

### 6. Thriving Organisation

- a) Percentage of booked occupancy (excluding new centres)
- b) Operating margin
- c) Contribution margin (excluding new centres)
- d) Leadership Capacity Index

### 7. Safety

- a) Child medical injuries per 10k attendances
- b) Lost time injury frequency rate
- c) Rate of child exits within 8 weeks of a notification of harm

### 8. Reconciliation

- a) Percentage of children identifying as Aboriginal and / or Torres Strait Islander
- b) Percentage of Goodstarters identifying as Aboriginal and / or Torres Strait Islander
- c) Percentage of Goodstarters who completed cultural competence training
- d) Percentage commitment of Goodstarters to reconciliation

These key performance indicators are measured at a centre, state or national level, as applicable and are reported to the Board on a quarterly basis.

## H Members' liability

In the event of the Company being wound up, its Constitution states each member is required to contribute a maximum of \$100 towards meeting any outstanding obligations of the company. At 30 June 2022, there were four members of Goodstart (The Benevolent Society, Brotherhood of St Laurence, Mission Australia and Social Ventures Australia Limited). The total of these guarantees was \$400 as at 30 June 2022 (2021: \$400).

## I Lead auditor's independence declaration

KPMG is Goodstart's external auditor and its independence declaration is set out on page 50. This forms part of the Directors' Report for the financial year ended 30 June 2022.

## J Rounding off

The Group is of a kind referred to in ASIC Corporation (Rounding in Financial/Directors' Report) Instrument 2016/191 and in accordance with that instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

## K Subsequent events

Subsequent to balance date, the Group received an extension of its existing loan facility with a maturity date in March 2023, while a new credit facility is re-negotiated. At the date of signing the annual report, the term loan facility remains undrawn.

Other than as described above, there has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

This report is made in accordance with a resolution of the Directors.



**Paul Robertson**  
Director

Dated at Brisbane this 15 September 2022



**Auditor's Independence  
Declaration under subdivision  
60-C section 60-40 of Australian  
Charities and Not-for-profits  
Commission Act 2012**

**To: the Directors of Goodstart  
Early Learning Ltd**

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

*KPMG*

KPMG

**Tracey Barker**  
Partner

Brisbane  
15 September 2022

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# Financial Statements

**Goodstart Early Learning Ltd**

ABN 69 139 967 794  
30 June 2022



**Goodstart Early Learning Ltd**  
**Consolidated statement of profit or loss and other comprehensive income**

For the year ended 30 June 2022

		2022	2021
	Note	\$000	\$000
Revenue from early learning centres	6a	1,197,045	1,252,202
Government grants	7	57,624	74,706
Other income	8	3,358	5,218
<b>Total revenue</b>		<b>1,258,027</b>	<b>1,332,126</b>
Employee costs	9	920,874	899,542
Property expenses	10	81,716	99,204
Depreciation expense of right of use assets	17a	86,045	91,561
Catering and consumables expenses		58,759	61,105
Depreciation and amortisation expense of property, plant & equipment and intangibles	15 & 16	40,914	40,606
Technology and communication expenses		23,512	22,019
Net impairment loss / (reversal)	15, 16 & 17a	4,368	(2,096)
Consulting and professional costs		6,609	5,662
Marketing expenses		6,493	7,235
Travel and motor vehicle expenses		2,451	1,878
Other expenses	11	9,192	10,265
<b>Total expenses</b>		<b>1,240,933</b>	<b>1,236,981</b>
<b>Operating surplus</b>		<b>17,094</b>	<b>95,145</b>
Finance income	12	416	780
Finance costs	12	(83,231)	(69,261)
<b>Net finance (cost)</b>	12	<b>(82,815)</b>	<b>(68,481)</b>
Net (deficit) / surplus for the year		(65,721)	26,664
<b>Total comprehensive (loss) / income for the year</b>		<b>(65,721)</b>	<b>26,664</b>

The notes on pages 57 to 83 are an integral part of these consolidated financial statements.

**Goodstart Early Learning Ltd**  
**Consolidated statement of financial position**

As at 30 June 2022

	Note	2022	2021
		\$000	\$000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	101,787	69,138
Trade and other receivables	14	45,689	41,884
Inventories		460	351
Financial assets	18	5,699	85,693
<b>Total current assets</b>		<b>153,635</b>	<b>197,066</b>
<b>Non-current assets</b>			
Deposits and security bonds		999	999
Property, plant and equipment	15	307,730	292,043
Right of use assets	17a	1,698,073	1,609,931
Intangible assets	16	539	4,931
<b>Total non-current assets</b>		<b>2,007,341</b>	<b>1,907,904</b>
<b>Total assets</b>		<b>2,160,976</b>	<b>2,104,970</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	19	65,373	81,557
Loans and borrowings	20	17	22
Lease liabilities	17b	34,159	38,429
Employee benefits	21	98,097	92,393
Provisions	22	13,867	14,178
Contract liabilities	6b	25,039	21,020
<b>Total current liabilities</b>		<b>236,552</b>	<b>247,599</b>
<b>Non-current liabilities</b>			
Loans and borrowings	20	13,462	13,462
Lease liabilities	17b	1,808,779	1,664,775
Employee benefits	21	11,710	13,258
Provisions	22	25,982	35,664
<b>Total non-current liabilities</b>		<b>1,859,933</b>	<b>1,727,159</b>
<b>Total liabilities</b>		<b>2,096,485</b>	<b>1,974,758</b>
<b>Net assets</b>		<b>64,491</b>	<b>130,212</b>
<b>Equity</b>			
Accumulated surplus		64,491	130,212
<b>Total equity</b>		<b>64,491</b>	<b>130,212</b>

The notes on pages 57 to 83 are an integral part of these consolidated financial statements.

**Goodstart Early Learning Ltd**  
**Consolidated statement of cash flows**

For the year ended 30 June 2022

Note	2022 \$000	2021 \$000
<b>Cash flows from operating activities</b>		
Cash receipts from parents and guardians	421,829	404,561
Cash receipts from grants and government funding	840,138	959,269
Cash receipts from other income	2,779	5,159
Cash paid to suppliers and employees	(1,138,519)	(1,122,985)
<b>Net cash from operating activities</b>	<b>126,227</b>	<b>246,004</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of plant and equipment	696	458
Purchase of plant & equipment and intangible assets	(54,978)	(44,225)
Proceeds from / (Payments) to term deposits	80,000	(85,693)
Interest received	416	780
Acquisition of centres	(3,100)	(25,110)
<b>Net cash from / (used) in investing activities</b>	<b>23,034</b>	<b>(153,790)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	92,000
Repayments of borrowings	-	(124,600)
Payments of lease liabilities	17d (33,040)	(54,934)
Interest paid	(83,572)	(70,100)
<b>Net cash used in financing activities</b>	<b>(116,612)</b>	<b>(157,634)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>32,649</b>	<b>(65,420)</b>
Cash and cash equivalents at 1 July	69,138	134,558
<b>Cash and cash equivalents at 30 June</b>	<b>13 101,787</b>	<b>69,138</b>

The notes on pages 57 to 83 are an integral part of these consolidated financial statements.

**Goodstart Early Learning Ltd**  
**Consolidated statement of changes in equity**

For the year ended 30 June 2022

	Accumulated Surplus \$000	Total Equity \$000
Balance at 1 July 2020	103,548	103,548
<b>Total comprehensive income for the year</b>		
Net surplus for the year	26,664	26,664
Balance at 30 June 2021	<b>130,212</b>	<b>130,212</b>
<b>Total comprehensive income for the year</b>		
Net deficit for the year	(65,721)	(65,721)
Balance at 30 June 2022	<b>64,491</b>	<b>64,491</b>

The notes on pages 57 to 83 are an integral part of these consolidated financial statements.

# Index of notes to the consolidated financial statements for the year ended 30 June 2022

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## 1 Reporting entity

Goodstart Early Learning Ltd (the "Company"), a not-for-profit entity, is a company limited by guarantee. The consolidated financial statements of the Company as at, and for the year ended 30 June 2022, comprise the Company and its subsidiaries (together referred to as the "Group").

Goodstart Early Learning Ltd is domiciled in Australia and its registered office is at 43 Metroplex Avenue, Murarrie, QLD. The Group is primarily involved in the provision of early learning and childcare services.

## 2 Basis of preparation

### (a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures made by the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commission Act 2012.

The consolidated financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards – Simplified Disclosures. In the prior year the consolidated financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. There was no impact on the recognition and measurement of amounts recognised in the statements of financial position, profit or loss and other comprehensive income, and cash flows of the Group as a result of the change in the basis of preparation.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The consolidated financial statements were authorised for issue by the Board of Directors on 15 September 2022. Details of the Group's accounting policies, including changes during the year, are included in notes 3 and 4.

### (b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

### (c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand, unless otherwise stated.

### (d) Use of estimates and judgements

In preparing these consolidated financial statements management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about critical judgements in applying accounting policies and assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 3(i) – (i) Property, plant & equipment, (ii) depreciation (iii) impairment
- Note 3(j) – Impairment of non-financial assets
- Note 3(k) – Intangible assets (iv) impairment
- Note 17(e) – Leases (e) extensions, options and new leases
- Note 22 – Provisions

## 2 Basis of preparation (continued)

### (e) Working capital

These consolidated financial statements have been prepared on the basis that the Group is a going concern and is able to realise assets and discharge liabilities in the ordinary course of business for at least 12 months from the date of issuing the consolidated financial statements.

The Group has a consolidated net asset position of \$64.5 million (2021: \$130.2 million). Current liabilities exceed current assets by \$82.9 million (2021: \$50.5 million). This is mainly due to \$98.1 million (2021: \$92.4 million) in employee benefits being recorded within current liabilities. These employee benefits are not expected to be paid in a lump sum at any point during the next 12 months. In addition, current lease liabilities of \$34.2 million (2021: \$38.4 million) have been recognised with the corresponding right of use asset recognised as a non-current asset.

The Group has prepared a 2023 financial year cash flow forecast which demonstrates that the Group has sufficient cash to pay its liabilities when they fall due.

For these reasons, it is the opinion of the Directors that the Group will generate cash flow from its operations and have sufficient banking facilities available to continue its operations and fulfil all of its financial obligations as and when they fall due.

## 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group.

Certain comparative amounts have been reclassified to conform to the current year's presentation.

### (a) Basis of consolidation

#### i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Where the initial accounting for a business combination is determined only provisionally by the first reporting date after acquisition date, the business combination is accounted for using those provisional values. Any subsequent adjustments to those provisional values are recognised within 12 months of the acquisition date and are applied effective from the acquisition date.

## 3 Significant accounting policies (continued)

### (a) Basis of consolidation (continued)

#### ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are eliminated in preparing the consolidated financial statements. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the financial statements of Goodstart Early Learning Ltd (the parent entity).

### (b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable as specified in a contract with a customer. Amounts disclosed as revenue are net of discounts, refunds and amounts collected on behalf of third parties.

The Group recognises revenue when it transfers control over a service to a customer and specific criteria have been met about the nature and timing of the satisfaction of performance obligations for each of the Group's activities as described below:

#### i) Revenue from early learning centres

Fee subsidies paid by the government (Child Care Subsidy and Additional Child Care Subsidy) or fees paid by parents and guardians are recognised at a point in time as revenue as and when the early learning service is provided (as the performance obligation is satisfied).

#### ii) Contract liabilities

Revenues received in advance from parents, guardians and the government are recognised as a contract liability and classified as a current liability (as the performance obligation is yet to be satisfied).

#### iii) Government grants

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all performance obligations associated with the grant as follows:

- Where the agreement is enforceable and contains sufficiently specific performance obligations, the grant revenue is initially recognised as a contract liability with revenue recognised over time as the service is provided; and
- Where the agreement is not enforceable and there are no specific performance obligations, the grant revenue is recognised on receipt as the recognition criteria has been satisfied.

### (c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and short term deposits with original terms of 90 days or less. Restricted cash and call deposits are pledged as cash security for the Group's rental guarantees provided by our financier in favour of landlords of properties from which the Group operates its early learning centres, and WorkCover authorities in states where the Group has entered into retro-paid loss premium arrangements.

### 3 Significant accounting policies (continued)

#### (d) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the consolidated statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis where applicable. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

#### (e) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Group has applied AASB 9 Financial Instrument's simplified approach to measuring expected credit losses whereby the loss allowance is measured at an amount equal to lifetime expected credit losses. The Group assesses expected credit losses based on the Group's historic credit loss experience, current market conditions as well as forward looking estimates at the end of each reporting period.

The Group assesses impairment of receivables on a collective basis, by grouping together receivables with similar risk characteristics and uses historical trends of the probability of default. Debts which are known to be uncollectible are written off by reducing the carrying amount directly.

The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The carrying amount of the receivable is deemed to reflect fair value.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

#### (f) Financial assets

##### Term Deposits

Bank term deposits greater than three months to maturity are those term deposits that do not meet the Group's accounting policy in relation to cash and cash equivalents as set out in note 3(c). Bank term deposits are initially recognised at fair value. Subsequent to initial recognition the bank term deposits are measured at amortised cost using the effective interest method. The carrying amount of the term deposits is deemed to reflect fair value.

#### (g) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest rate method. Fees paid on the establishment of loan facilities are capitalised, offset against the liability and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the contractual obligations are discharged, are cancelled, or expire.

### 3 Significant accounting policies (continued)

#### (h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. They are recognised initially at the fair value and subsequently measured at amortised cost using the effective interest method.

The carrying amount of trade and other payables is deemed to reflect fair value.

#### (i) Property, plant and equipment

##### i) Recognition and measurement

Items of property, plant and equipment include land, buildings, plant and equipment, leasehold improvements, computer equipment and motor vehicles. Also included are building improvements and operating rights that represent economic benefits arising from the use of tangible assets as a result of a business combination. These are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed as they are incurred.

Leasehold operating rights are recognised as part of the right of use assets.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised net within other income /other expenses in profit or loss.

##### ii) Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, and is recognised in profit or loss. Land is not depreciated.

In the case of leasehold improvements, expected useful lives are determined by the estimated useful lives or over the term of the lease, if shorter.

The estimated useful lives of property, plant and equipment are as follows:

Buildings	40 years
Motor vehicles	4 - 7 years
Plant and equipment	3 - 10 years
Building improvements and operating rights	10 years
Leasehold improvements	Lowest of lease life or 7 - 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

##### iii) Impairment

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Refer to note 3(j) for further information.

### 3 Significant accounting policies (continued)

#### (j) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the non-financial asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (cash-generating units).

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amount of the assets in the CGU on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

#### (k) Intangible assets

##### i) Other intangibles

Other intangibles are identifiable assets that represent the economic benefits arising from the rights and obligations of a contractual obligation.

Other intangible assets that are acquired by the Group are measured at cost less accumulated amortisation, and any accumulated impairment losses. Amortisation is recognised in the profit and loss from the date the assets are available for use on a straight line basis over the lower of the remaining lease term or 10 years, which reflects the pattern in which the economic benefits of other intangibles assets are consumed.

Amortisation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

##### ii) Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised as software. Costs capitalised include external direct costs of materials and services plus direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over 3-5 years.

Software as a Service (SaaS) are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. A right to receive future access to the supplier's software does not, at the contract commencement date, give the Group the power to obtain the future economic benefits flowing from the software itself and to restrict other's access to those benefits. As such the Group does not receive a software intangible asset at the contract commencement date.

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition and recognition criteria for an intangible asset are recognised as intangible software assets. Implementation costs including costs to configure or customise the cloud provider's application software are recognised as operating expenses when the services are received.

### 3 Significant accounting policies (continued)

#### (k) Intangible assets (continued)

##### iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

##### iv) Impairment

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

#### (l) Inventories

Inventories relate to staff uniforms and children's welcome packs for distribution. These are measured at the lower of cost and current replacement cost. Any write down in the value of inventory due to obsolescence is booked as an expense when the inventory becomes obsolete. Current replacement cost is the cost the Group would incur to acquire or replace inventories held for distribution at balance date.

#### (m) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease component as a single lease component.

##### i) Right of use assets

The Group recognises right of use assets at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date over the shorter of useful life of the underlying asset or the end of the lease term. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group also recognises leasehold operating rights that arise as part of the transfer of the lease in a centre acquisition. Leasehold operating rights are subsequently depreciated using the straight-line method from the commencement date over the shorter of useful life of the underlying asset or the end of the lease term.



### 3 Significant accounting policies (continued)

#### (m) Leases (continued)

##### ii) Lease liabilities

The Group recognises a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- Lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the Group changes its assessment of whether it will exercise an extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Group presents right of use assets and lease liabilities separately in the statement of financial position.

##### iii) Short term leases and leases of low value assets

The Group has elected not to recognise right of use assets and lease liabilities for short term leases. The Group does not have any leases of low value assets.

Lease payments on short term leases are recognised as an expense on a straight-line basis over the lease term.

##### iv) Peppercorn leases

The Group has elected to measure the right of use assets arising from its 'peppercorn' leases at cost which is based on the associated lease liability.

##### v) COVID-19 related rent concessions

The Group has applied COVID-19 Related Rent Concessions - Amendment to AASB 16. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

### 3 Significant accounting policies (continued)

#### (m) Leases (continued)

##### vi) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. When the Group acts as a lessor, it determines at lease inception whether each lease is a finance or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right of use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

#### (n) Employee benefits

##### i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be settled wholly within 12 months after the end of the reporting period and accumulating rostered days off and time off in lieu are measured on an undiscounted basis at the amounts expected to be paid when the liabilities are settled and are expensed as the related service is provided.

All short-term employee benefits are presented as current liabilities.

##### ii) Long-term employee benefits

The liabilities for annual leave and long service leave not expected to be settled wholly within 12 months after the end of the reporting period are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting date, plus related on-costs. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on high quality corporate bond rates with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

##### iii) Defined contributions plans

The Group pays contributions to certain defined contribution plans. Contributions are recognised in profit or loss in the periods during which services are rendered by employees.

#### (o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

### 3 Significant accounting policies (continued)

#### (o) Provisions (continued)

##### i) Lease obligation provisions

###### Make good provisions

Costs required to restore certain leased premises to their original condition at the end of the respective lease terms as set out in the lease agreements are recognised as a provision in the consolidated financial statements. The provision has been calculated as the present value of the estimated future costs. These costs are capitalised as part of the cost of right of use assets and are amortised over the shorter of the term of the lease and the useful life of the assets.

###### Mid-lease repair and maintenance provisions

Estimated costs required to repair and maintain leasehold improvements where the Group is required by the lessor to repair areas identified and notified in accordance with the lease agreement are recognised as a provision in the consolidated financial statements. The provision has been calculated as an estimate of future costs. All other repairs and maintenance costs are expensed when incurred.

##### ii) Onerous contracts provision

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract which is determined based on incremental costs necessary to fulfil the obligation under the contract. Before a provision is established, the Group recognises any impairment loss on relevant assets associated with that contract.

#### (p) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and lease liabilities and unwinding of discounts on provisions. Borrowing costs are recognised in profit or loss using the effective interest method.

#### (q) Income tax

The Group (excluding GS Admin Services No.1 Pty Ltd) is a charitable institution for the purposes of Australian Taxation Legislation and is therefore exempt from income tax. The Group as a charitable institution has access to charity concessions under the income tax, FBT and GST laws. A charitable institution is defined by the Australian Taxation Office. Goodstart Early Years Pty Ltd (a subsidiary of the Company) is endorsed as Deductible Gift Recipient (DGR).

### 4 New and amended accounting standards

#### (a) New and amended standards adopted by the Group

The Group has initially adopted AASB 1060 General Purpose Financial Statements - Simplified Disclosures For-Profit and Not-for-Profit Tier 2 Entities.

The above standard and amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### 5 Auditors' remuneration

	2022	2021
	\$	\$
<i>in whole dollars of AUD</i>		
<b>Audit and review services</b>		
<b>Auditors of the Group – KPMG</b>	295,760	272,784
- Audit and review of financial statements – Group	<b>295,760</b>	<b>272,784</b>
<b>Assurance services</b>		
<b>Auditors of the Group – KPMG</b>	5,597	6,396
- Other assurance services	<b>5,597</b>	<b>6,396</b>

### 6 Revenue

	2022	2021
	\$000	\$000

#### (a) Revenue from early learning centres

Fees from parents and guardians	426,579	424,038
Government funding – fee subsidies	750,518	719,777
Government funding – care relief subsidies	19,948	108,387
Total revenue from early learning centres	<b>1,197,045</b>	<b>1,252,202</b>

#### (b) Contract liabilities

Contract liabilities	<b>25,039</b>	<b>21,020</b>
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Contract liabilities represents the fair value of that portion of the consideration received in respect of care relief subsidies and parent fees received in advance for which the performance obligation has not yet been satisfied.

**Goodstart Early Learning Ltd**  
Notes to the consolidated financial statements for the year ended 30 June 2022

<b>7 Government grants</b>	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Recovered special needs funding	10,807	11,444
Recovered trainees funding	1,096	169
Kindergarten and associated funding	26,666	25,367
State and Federal other funding	19,055	14,642
JobKeeper funding	-	23,084
<b>Total government grants</b>	<b>57,624</b>	<b>74,706</b>

<b>8 Other income</b>		
Insurance recoveries	736	3,554
Gain on surrender / termination of leases	1,262	724
Sublease income	509	491
Net gain on disposal of property, plant and equipment	321	-
Other income	530	449
<b>Total other income</b>	<b>3,358</b>	<b>5,218</b>

<b>9 Employee costs</b>		
Wages and salaries	830,170	810,078
Other associated personnel expenses	18,135	21,764
Contributions to defined contribution plans	72,569	67,700
<b>Total employee costs</b>	<b>920,874</b>	<b>899,542</b>

<b>10 Property expenses</b>		
Rental expenses*	10,449	11,077
Repairs and maintenance	36,397	50,978
Other direct property expenses	34,870	37,149
<b>Total rent and other property expenses</b>	<b>81,716</b>	<b>99,204</b>

\* Variable lease payments such as centre performance turnover (as contained in the lease agreements) are included as rental expenses in profit or loss.

**Goodstart Early Learning Ltd**  
Notes to the consolidated financial statements for the year ended 30 June 2022

<b>11 Other expenses</b>	Note	<b>2022</b>	<b>2021</b>
		<b>\$000</b>	<b>\$000</b>
Net loss on disposal of property, plant and equipment		-	669
Insurance premiums expense		4,153	3,712
Bank charges		352	360
Impairment loss on trade receivables	14a	640	2,644
Other expenses		4,047	2,880
<b>Total other expenses</b>		<b>9,192</b>	<b>10,265</b>

<b>12 Finance income and finance costs</b>			
Interest income on bank deposits		416	780
<b>Total finance income</b>		<b>416</b>	<b>780</b>
Interest expense on financial liabilities measured at amortised cost		(2,871)	(4,123)
Interest expense on lease liabilities	17c	(80,916)	(65,832)
Unwinding of discount of make good & mid-lease provisions	22	382	694
Changes in discount rates of mid-lease provisions		174	-
<b>Total finance costs</b>		<b>(83,231)</b>	<b>(69,261)</b>
<b>Net finance costs recognised in profit or loss</b>		<b>(82,815)</b>	<b>(68,481)</b>

<b>13 Cash and cash equivalents</b>			
Cash and cash equivalents		71,787	69,138
Call deposits		30,000	-
<b>Total cash and cash equivalents</b>		<b>101,787</b>	<b>69,138</b>

The Group has \$30.95 million (2021: \$50.95 million) in call deposits and term deposits (note 18) that have been pledged as security for the Group's guarantees provided by our financier as set out in note 24.

The Group also have \$0.73 million (2021: \$0.53 million) in the Early Learning Fund – Grant Agreement held in trust on behalf of families. Further details are set out in note 25.

**Goodstart Early Learning Ltd**

Notes to the consolidated financial statements for the year ended 30 June 2022

**14 Trade and other receivables**

	Note	2022 \$000	2021 \$000
Trade receivables		34,660	28,727
Allowance for impairment of receivables	(note (a) below)	(5,479)	(5,164)
Trade receivables net		<b>29,181</b>	<b>23,563</b>
Prepayments		9,864	12,014
Goods and services tax (GST) recoverable		3,606	6,273
Other receivables		3,038	34
Total trade and other receivables		<b>45,689</b>	<b>41,884</b>

**(a) Impaired trade receivables**

As at 30 June 2022 current trade receivables of the Group were assessed for impairment. The allowance for expected credit losses recognised at year-end was \$5.5 million (2021: \$5.2 million).

Movements in the allowance for expected credit losses of receivables are as follows:

Balance at 1 July	5,164	6,886
Receivables written off during the year as uncollectible	(325)	(4,366)
Allowance for impairment recognised during the year	640	2,644
Balance at 30 June	<b>5,479</b>	<b>5,164</b>

The creation and release of the provision for impaired receivables has been included in 'other expenses' in the consolidated statement of profit or loss and other comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovery.

**Goodstart Early Learning Ltd**

Notes to the consolidated financial statements for the year ended 30 June 2022

**15 Property, plant and equipment**

	Note	2022 \$000						Total
		Land & buildings	Building improvements & operating rights	Leasehold improvements	Plant and equipment	Motor vehicles	Work in progress	
<b>Year ended 30 June 2022</b>								
Opening net book amount		114,728	20,708	80,017	27,203	326	49,061	292,043
Additions		2,727	2,529	17,287	16,088	-	20,165	58,796
Transfers from work in progress property, plant & equipment		19,687	1,633	6,117	1,543	-	(28,980)	-
Transfers from work in progress intangibles	16	-	-	-	-	-	755	755
Disposals		(94)	(3)	(221)	-	(55)	-	(373)
Net impairment loss		-	-	(378)	(1)	-	(3,333)	(3,712)
Depreciation expense		(1,168)	(3,856)	(20,683)	(14,046)	(26)	-	(39,779)
Closing net book amount		<b>135,880</b>	<b>21,011</b>	<b>82,139</b>	<b>30,787</b>	<b>245</b>	<b>37,668</b>	<b>307,730</b>
<b>Year ended 30 June 2022</b>								
Cost		140,845	36,535	218,218	121,705	590	37,668	555,561
Accumulated depreciation & impairment losses		(4,965)	(15,524)	(136,079)	(90,918)	(345)	-	(247,831)
Net book amount		<b>135,880</b>	<b>21,011</b>	<b>82,139</b>	<b>30,787</b>	<b>245</b>	<b>37,668</b>	<b>307,730</b>
<b>2021 \$000</b>								
		Land & buildings	Building improvements & operating rights	Leasehold improvements	Plant and equipment	Motor vehicles	Work in progress	Total
<b>Year ended 30 June 2021</b>								
Cost		118,549	32,483	205,089	107,852	773	49,061	513,807
Accumulated depreciation & impairment losses		(3,821)	(11,775)	(125,072)	(80,649)	(447)	-	(221,764)
Net book amount		<b>114,728</b>	<b>20,708</b>	<b>80,017</b>	<b>27,203</b>	<b>326</b>	<b>49,061</b>	<b>292,043</b>

**Security**

Refer to note 20 for information on non-current assets pledged as security by the Group.

## 16 Intangible assets

	Note	2022			Total
		Software	Other intangibles	Work in progress	
<b>2022</b>					
<b>\$000</b>					
Opening net book amount		697	2,467	1,767	4,931
Transfers to right of use assets	17a	-	(2,467)	-	(2,467)
Other acquisitions		-	-	30	30
Transfers		869	-	(869)	-
Transfers to plant & equipment		-	-	(755)	(755)
Software & work in progress expensed		-	-	(65)	(65)
Amortisation charge		(1,135)	-	-	(1,135)
Closing net book amount		<b>431</b>	<b>-</b>	<b>108</b>	<b>539</b>
<b>Year ended 30 June 2022</b>					
Cost		22,563	-	108	22,671
Accumulated amortisation and impairment		(22,132)	-	-	(22,132)
Net book amount		<b>431</b>	<b>-</b>	<b>108</b>	<b>539</b>

	Note	2021			Total
		Software	Other intangibles	Work in progress	
<b>2021</b>					
<b>\$000</b>					
Cost		23,913	3,750	13,465	41,128
Accumulated amortisation and impairment		(23,216)	(1,283)	(11,698)	(36,197)
Net book amount		<b>697</b>	<b>2,467</b>	<b>1,767</b>	<b>4,931</b>

## 17 Right of use assets and lease liabilities

The Group leases 662 (2021: 669) premises. The leases typically run for a period of 20 years, then have one to three options. Each option enables the Group to renew the leases for a further 5 to 20 years. Leases provide for contingent payments, including escalation based on fixed dollar or percentage increases, as contained in the lease agreement.

The Group leases 233 (2021: 284) motor vehicles under fully maintained lease contracts. All leases are for a term of 36-72 months, commencing on delivery of the vehicle.

## 17 Right of use assets and lease liabilities (continued)

### (a) Right of use assets

Set out below are the carrying amounts of right-of-use assets and movements during the year:

	Note	2022		Total
		Leased property	Leased vehicles	
<b>2022</b>				
<b>\$000</b>				
<b>Balance at 1 July 2021</b>		<b>1,606,040</b>	<b>3,891</b>	<b>1,609,931</b>
Transfers from intangibles	16	2,467	-	2,467
Additions to right of use assets		206,402	297	206,699
Disposal of right of use assets		(33,565)	(758)	(34,323)
Depreciation charge for the year		(84,491)	(1,554)	(86,045)
Net impairment loss		(656)	-	(656)
<b>Balance at 30 June 2022</b>		<b>1,696,197</b>	<b>1,876</b>	<b>1,698,073</b>
Cost		1,960,651	6,880	1,967,531
Accumulated depreciation & impairment		(264,454)	(5,004)	(269,458)
<b>As at 30 June 2022</b>		<b>1,696,197</b>	<b>1,876</b>	<b>1,698,073</b>

	Note	2021		Total
		Leased property	Leased vehicles	
<b>2021</b>				
<b>\$000</b>				
<b>Year ended 30 June 2021</b>				
Cost		1,789,825	7,341	1,797,166
Accumulated depreciation & impairment		(183,785)	(3,450)	(187,235)
<b>As at 30 June 2021</b>		<b>1,606,040</b>	<b>3,891</b>	<b>1,609,931</b>

### (b) Lease liabilities

Set out below are the carrying amounts of lease liabilities during the year:

	2022	2021
	\$000	\$000
Current lease liabilities	34,159	38,429
Non-current lease liabilities	1,808,779	1,664,775
<b>Total lease liabilities</b>	<b>1,842,938</b>	<b>1,703,204</b>

**17 Right of use assets and lease liabilities** (continued) 2022  
\$000 2021  
\$000

**(c) Amounts recognised in profit or loss**

The following are the amounts recognised in profit or loss:

Interest expense on lease liabilities	80,916	65,832
Depreciation on right of use assets	86,045	91,561
Income from sub-leasing right of use assets presented in 'other revenue'	(509)	(491)
Expenses relating to short-term leases	360	1,353
Variable lease payments not included in the measurement of lease liabilities	338	512
Gain on surrender / termination of leases	(1,262)	(724)
<b>Total amount recognised in profit and loss</b>	<b>165,888</b>	<b>158,043</b>

**(d) Amounts recognised in the statement of cash flows**

Cash outflow for leases – payments of interest	(80,916)	(65,832)
Cash outflow for leases – payments of principal	(33,040)	(54,934)
<b>Total cash outflow for leases</b>	<b>(113,956)</b>	<b>(120,766)</b>

The Group has classified the principal portion of lease payments and the interest portion of lease payments within financing activities.

Lease payments for variable lease payments not included in the measurement of the lease liability are classified as cash flows from operating activities.

**(e) Extensions, options and new leases**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

Currently all lease options are deemed to be exercised by the Group unless the lease is deemed to be an onerous contract or there is a significant event or change in circumstances that affects its ability to exercise the options to renew.

The financial effect of revised lease terms recognised during the year is \$0.4 million increase in right of use assets and lease liabilities (2021: \$3.9m).

Some property leases contain contracts not yet commenced to which the Group is committed.

The Group has estimated that the potential future lease payments for leases not yet commenced, would result in an increase in lease liability of \$2.6 million (2021: \$5.2 million).

**(f) Rent concessions**

The Group received rent concessions from its landlords for a number of its early learning centre leases as a result of the severe impact of the COVID-19 pandemic during the year. The Group applied the practical expedient for COVID-19 related rent concessions consistently to eligible rent concessions relating to its early learning centre leases.

The amount recognised in profit or loss for the reporting period to reflect changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19 related rent concessions is \$0.5 million (2021: \$2.0 million).

**17 Right of use assets and lease liabilities** (continued) 2022  
\$000 2021  
\$000

**(g) Future lease payments**

The total of future lease payments, including those lease payments that are not included in the measurement of the lease liability, are disclosed for each of the following periods.

Less than one year	34,159	38,429
One to five years	126,821	151,416
More than five years	1,681,958	1,513,359
	<b>1,842,938</b>	<b>1,703,204</b>

**18 Financial assets**

**Current**

Term deposits	5,699	85,693
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The term deposits have maturity terms of less than one year and carry a weighted average fixed interest rate of 0.94% (2021: 0.30%). Due to their short-term nature their carrying value is assumed to approximate their fair value.

The Group has \$30.95 million (2021: \$50.95 million) in call deposits and term deposits (note 13) that have been pledged as security for the Group's guarantees provided by our financier as set out in note 24.

**19 Trade and other payables**

**Current**

Other trade payables	17,828	20,413
Accrued expenses	47,545	61,144
<b>Total trade and other payables</b>	<b>65,373</b>	<b>81,557</b>

## 20 Loans and borrowings

2022  
\$000

2021  
\$000

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.

### Current

#### Unsecured loans from related entities

Deeply subordinated loan from founders <sup>(1)</sup>	17	22
Total unsecured loans from related entities	<b>17</b>	<b>22</b>

### Non-current

#### Unsecured loans from related entities

Deeply subordinated loan from founders (incl. capitalised interest) <sup>(2)</sup>	13,462	13,462
Total unsecured loans from related entities	<b>13,462</b>	<b>13,462</b>

Total loans and borrowings	<b>13,479</b>	<b>13,484</b>
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Further details on loans from related entities are set out in note 25.

<sup>(1)</sup> This amount represents interest accrued to balance date.

<sup>(2)</sup> Fixed interest rate, with the ability of interest to be capitalised

## 20 Loans and borrowings (continued)

### Terms and debt repayment schedule

Terms and conditions of outstanding loans are as follows:

30 June 2022				
\$000				
	Nominal interest rate	Year of maturity	Utilised Facility	Total Facility
<b>Secured loans</b>				
Secured facility bank loan <sup>(1)</sup>				
Tranche A	3.41%	2022 <sup>(3)</sup>	-	100,000
Tranche B	3.46%	2022 <sup>(3)</sup>	-	2,400
Total secured loans			-	<b>102,400</b>
<b>Unsecured loans from related entities</b>				
Deeply subordinated loan from founders <sup>(2)</sup>	15%	2030	10,000	10,000
Total unsecured loans from related entities			<b>10,000</b>	<b>10,000</b>

30 June 2021				
\$000				
	Nominal interest rate	Year of maturity	Utilised Facility	Total Facility
<b>Secured loans</b>				
Secured facility bank loan <sup>(1)</sup>				
Tranche A	1.61%	2022 <sup>(3)</sup>	-	100,000
Tranche B	1.67%	2022 <sup>(3)</sup>	-	2,400
Total secured loans			-	<b>102,400</b>
<b>Unsecured loans from related entities</b>				
Deeply subordinated loan from founders <sup>(2)</sup>	15%	2030	10,000	10,000
Total unsecured loans from related entities			<b>10,000</b>	<b>10,000</b>

<sup>(1)</sup> Variable interest rate, amortising facility

<sup>(2)</sup> Fixed interest rate, with the ability of interest to be capitalised

<sup>(3)</sup> Existing debt facility with a maturity date of 30 September 2022. Subsequent to 30 June 2022, the existing debt facility was extended to March 2023.

### Terms and conditions of secured borrowings

Covenants include leverage ratio, fixed charge cover ratio, capital expenditure limits, profitability and other requirements that are customary to these types of facilities.

## 20 Loans and borrowings (continued)

### Terms and conditions of secured borrowings (continued)

#### Assets pledged as security

The bank guarantee facility of the Group is secured by:

- a fixed and floating charge over all assets and undertakings of the guarantor Group;
- real property mortgage over freehold property; and
- a mortgage or fixed charge over all rights in respect of any loans made between the Group.

#### The carrying amounts of assets pledged as security for the bank guarantee facility are:

	2022	2021
	\$000	\$000
<b>Current</b>		
<i>Fixed and Floating charge</i>		
Cash and cash equivalents	95,469	58,196
Trade and other receivables	43,977	39,093
Inventories	460	351
Contract assets	-	85,693
<b>Total current assets pledged as security</b>	<b>139,906</b>	<b>183,333</b>
<b>Non-current</b>		
<i>Mortgage</i>		
Freehold land and buildings	135,050	113,989
<i>Fixed and Floating charge</i>		
Property, plant and equipment	168,880	174,596
Intangibles	539	4,931
<b>Total non-current assets pledged as security</b>	<b>304,469</b>	<b>293,516</b>
<b>Total assets pledged as security</b>	<b>444,375</b>	<b>476,849</b>

## 21 Employee benefits

### Current

Employee leave entitlements	98,097	92,393
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### Non-current

Employee leave entitlements	11,710	13,258
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## 22 Provisions

	2022	
	\$000	
	Lease obligation provisions	Total
<b>At 1 July 2021</b>	49,842	49,842
Provisions made during the year	7,379	7,379
Provisions utilised during the year	(2,845)	(2,845)
Provisions reversed during the year	(14,145)	(14,145)
Unwinding of discount	(382)	(382)
<b>Balance as at 30 June 2022</b>	<b>39,849</b>	<b>39,849</b>
Current	13,867	13,867
Non-current	25,982	25,982
<b>Total provisions</b>	<b>39,849</b>	<b>39,849</b>
	<b>2021</b>	
	\$000	
	Lease obligation provisions	Total
<b>At 1 July 2020</b>	46,012	46,012
Provisions made during the year	16,342	16,342
Provisions utilised during the year	(497)	(497)
Provisions reversed during the year	(11,321)	(11,321)
Unwinding of discount	(694)	(694)
<b>Balance as at 30 June 2021</b>	<b>49,842</b>	<b>49,842</b>
Current	14,178	14,178
Non-current	35,664	35,664
<b>Total provisions</b>	<b>49,842</b>	<b>49,842</b>

### Lease obligation provisions

Lease obligation provision comprises both provisions for make good and mid-lease repairs & maintenance provisions.

#### a) Make good provisions

Provisions are made for the make-good and end of lease redecoration in respect of restoring leased premises to their required condition when the premises are vacated either due to closure or relocation. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements and reinstate the leased premises to the required end of lease conditions including redecoration. This provision amounts to \$24.0 million as at 30 June 2022 (2021: \$25.7 million). The Group has estimated the provision based on data in relation to current prices available and discounted to their present value. These estimates may vary from actual costs incurred as a result of conditions existing at the date the premises are vacated.



## 22 Provisions (continued)

### Lease obligation provisions (continued)

#### a) Make good provisions (continued)

The provision has been calculated using a discount rate of 3.91% being the 20-year bond yield rate (2021: 2.17% based on 20-year bond yield rate). This is a rate that most closely approximates the remaining life of the leases for the calculation of the present value of future cash flows. The increase in the discount rate has decreased the provision by \$9.1 million (2021: \$4.7 million).

Any other lease and repairs and maintenance obligations that are contractually required more frequently are included in the mid-lease repairs and maintenance provision. This approach gives a more reasonable approximation of the timing of any lease obligation to be performed and is based on historical experience.

#### b) Mid-lease repairs and maintenance provisions

Provision is made for the repair and maintenance of leasehold improvements where the Group is required by the lessor to repair areas identified and notified in accordance with the lease agreements throughout the lease term. Management has estimated the provision based on recent invoices received and history of costs to rectify. This provision amounts to \$15.8 million as at 30 June 2021 (2021: \$24.2 million).

The provision has been calculated using a discount rate of 3.23% (2021: 0.25%), being the 3-year bond yield rate. This is a rate that most closely approximates the remaining years to carry out any due mid-lease repair and maintenance and redecoration obligations. The increase in the discount rate has decreased the provision by \$0.2 million (2021: Nil).

During the year, the Group renegotiated a number of leases which removed make good and mid-lease repairs & maintenance obligations. The impact was a reversal of \$13.7 million. The remaining reversal of \$0.4 million relates to the termination of lease contracts due to centre closures.

## 23 Commitments

### (a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as either assets or liabilities is as follows:

Contracted but not yet provided for and payable:

	2022	2021
	\$000	\$000
Property, plant and equipment	9,596	12,156

### b) Contractual commitments

Expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

Contracted but not yet provided for and payable:

Commitments for medium-term service contracts	16,129	19,797
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The Group has entered into contracts for the management of the maintenance of the network of centres and the supply of technology and communication services. These contracts will give rise to annual expenses of \$7.7 million for the next year (2021: \$7.3 million).

## 24 Contingencies

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required.

### (a) Guarantees

	2022	2021
	\$000	\$000
Bank guarantees issued in support of various rental arrangements	47,295	46,909
Bank guarantees issued in support of other arrangements	-	2,357
Total guarantees	47,295	49,267

Total amount of the bank guarantee facility is \$55.0 million as at 30 June 2022 (2021: \$55.0 million). Refer to security disclosed in note 20.

### b) Other contingent liabilities

Unless otherwise disclosed in the financial statements, the Group has no other material contingent liabilities.

## 25 Related parties

### Key management personnel compensation

	2022	2021
	\$	\$
<i>in whole dollars of AUD</i>		
Directors' fees	636,149	583,995
Executive and Executive Director's remuneration	4,124,260	3,245,008
Total amount paid or payable to key management personnel	4,760,409	3,829,003

### Parent and subsidiaries information

Company	Country of incorporation	Ownership interest	Ownership interest
		2022	2021
		%	%
<b>Parent entity</b>			
Goodstart Early Learning Ltd	Australia	Parent	Parent
<b>Subsidiaries</b>			
GS Admin Services No.1 Pty Limited	Australia	100%	100%
Goodstart Early Years Limited *	Australia	100%	100%
Big Fat Smile Group Ltd	Australia	100%	100%

\* Formerly Mission Australia Early Learning Limited.

## 25 Related parties (continued)

### (a) Related party information

The Group has been formed by the following founding members with the following voting rights:

Mission Australia	25%
Benevolent Society	25%
Brotherhood of St Laurence	25%
Social Ventures Australia	25%

In the event of the Company being wound up, its Constitution states each member is required to contribute a maximum of \$100 towards meeting any outstanding obligations of the company. The total of these guarantees was \$400 as at 30 June 2022 (2021: \$400).

### (b) Outstanding balances and transactions with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

in whole dollars of AUD

	2022	2021
	\$	\$
<b>1) Unsecured loans from parties with significant influence over Goodstart Early Learning Ltd</b>		
<b>i) Deeply subordinated loan from founders</b>		
Balance at 1 July	13,484,564	13,462,434
Interest charged	2,013,833	2,052,560
Interest paid	(2,019,365)	(2,030,430)
Balance at 30 June	<b>13,479,031</b>	<b>13,484,564</b>
The terms and conditions of each category are set out in note 20.		
<b>2) Other related party transactions</b>		
<b>i) Transaction values</b>		
Founding members – purchase of goods and services	247,230	128,942
Founding members – funding paid under auspice agreement *	219,040	152,680
Founding members – funding / (refunds) for services received	18,200	(4,056)
Founding members – funding received under auspice agreement *	1,684,797	-
<b>ii) Balance outstanding</b>		
Founding members – other receivables / (refunds) **	2,021	(1,626)
Founding members – other payables **	494,839	275,799

\* Goodstart has entered into the Early Learning Fund – Grant Agreement (ELF) with the Paul Ramsay Foundation and Uniting NSW ACT (Uniting). The ELF is a scholarship program that supports 3 to 5 year old children and their families to access and participate in quality early learning. The arrangement is facilitated by an auspice agreement with the Benevolent Society who primarily distribute the funds from the Paul Ramsay Foundation to Goodstart and Uniting. Also included in the distributions to the ELF are third party donations as well as monies from Goodstart employees as part of our workplace giving program.

\*\* The payment terms and conditions are consistent with the accounting policies for trade receivables (note 3(e)) and trade payables (note 3(h)). These amounts are receivable/due as a result of transactions with related parties in the normal course of business.

## 26 Events subsequent to reporting date

Subsequent to balance date, the Group received an extension of its existing loan facility with a maturity date in March 2023, while a new credit facility is re-negotiated. At the date of signing the annual report, the term loan facility remains undrawn.

Other than as described above, there has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## 27 Parent entity financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2022	2021
	\$000	\$000
<b>a) Balance Sheet</b>		
Current assets	144,040	180,947
Total assets	2,131,662	2,030,175
Current liabilities	225,696	233,109
Total liabilities	2,068,075	1,906,225
<i>Equity</i>		
Accumulated surplus	63,587	123,950
<b>b) Total comprehensive income</b>		
(Deficit) / surplus for the year	(65,993)	22,306
Total comprehensive income	<b>(65,993)</b>	<b>22,306</b>
<b>c) Contingent liabilities of the parent entity</b>		
Rent guarantees	47,295	46,909
Other guarantees	-	2,357
Total contingent liabilities of the parent entity	<b>47,295</b>	<b>49,267</b>
<b>d) Other contingent liabilities</b>		
Refer to note 24(b) for details on other contingent liabilities relevant to the parent entity.		
<b>e) Commitments of the parent entity</b>		
Capital commitments for the acquisition of property, plant and equipment	9,596	12,156
Commitments for medium-term service contracts	16,129	19,797
Total commitments of the parent entity	<b>25,725</b>	<b>31,952</b>

## Goodstart Early Learning Ltd Directors' declaration

In the opinion of the directors of Goodstart Early Learning Ltd ("the Company"):

- a. the Company is not publicly accountable;
- b. the consolidated financial statements and notes that are set out on pages 52 to 83 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
  - i. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance, for the financial year ended on that date; and
  - ii. complying with Australian Accounting Standards – Simplified Disclosures and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

### Signed in accordance with a resolution of the directors:

Dated at Brisbane 15 day of September 2022



**Paul Robertson**  
Director



## Independent Auditor's Report To the members of Goodstart Early Learning Ltd

### Opinion

We have audited the **Financial Report** of Goodstart Early Learning Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- i. giving a true and fair view of the Group's financial position as at 30 June 2022, and of its financial performance and its cash flows for the year ended on that date; and
- ii. Complying with *Australian Accounting Standards – Simplified Disclosures Framework and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013 (ACNCR)*.

The Financial Report comprises:

- i. Consolidated statement of financial position as at 30 June 2022;
- ii. Consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended;
- iii. Notes including summary of significant policies; and
- iv. Directors' declaration.

The Group consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the ethical requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

### Other Information

Other Information is financial and non-financial information in Goodstart Early Learning Ltd's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with the Australian Accounting Standards – Simplified Disclosures Framework and the ACNC and ACNCR;

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- Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- Assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf) (Non-listed entities). This description forms part of our Auditor's Report.

KPMG

KPMG

*Tracey Barker*

**Tracey Barker**  
Partner

Brisbane  
15 September 2022



# Behind Goodstart

Goodstart was created by a partnership of organisations who saw the potential of early learning to transform Australia. They wanted to address one of the key sources of many future problems – poor early childhood experiences.

It made perfect sense for these groups to pool their energy and investment in early learning to fix the root cause of so many social problems.

## The Benevolent Society

Formed in 1813, The Benevolent Society is Australia's first charity. It is a not-for-profit and non-religious organisation that helps people, families and communities achieve positive change through support and education.

## The Brotherhood of St Laurence

The Brotherhood is a not-for-profit organisation that works to alleviate and prevent poverty through research, services and advocacy. It is a non-government, community-based organisation that supports people experiencing disadvantage at all stages of life to build a better future for themselves and their families.

## Mission Australia

Mission Australia is a non-denominational Christian community service organisation that aims to reduce homelessness and strengthen communities across Australia. It works to help people secure jobs, receive an education, find housing and develop important life skills.

## Social Ventures Australia

Social Ventures Australia is a non-profit organisation established to improve the lives of people in need. It focuses on keys to overcoming disadvantage including great education, sustainable jobs, stable housing and appropriate health, disability and community services.

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## Goodstart would like to acknowledge the funding and support provided Governments and organisations including:

- Australian Federal Government
- Australian Capital Territory Government
- New South Wales Government
- Northern Territory Government
- Queensland Government
- South Australia Government
- Tasmania Government
- Victoria Government
- Western Australia Government
- Good360
- Paul Ramsay Foundation
- Business Council of Australia
- Employers Mutual Limited
- Charter Hall
- National Australia Bank
- Landcare Australia
- GIO General
- The Association of Graduates in Early Childhood Studies
- Kimberly-Clark
- University of Melbourne
- Grocorp
- Woolworths
- Goodstarters provide support for the Early Learning Fund via Giving@Goodstart



visit [goodstart.org.au](http://goodstart.org.au)