

2/9/2014

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Productivity Commission  
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Sent via email: [childcare@pc.gov.au](mailto:childcare@pc.gov.au)

**Childcare and Early Childhood Learning:**

**Productivity Commission Draft Report July 22<sup>nd</sup> 2014**

Dear Dr Craik,

Australian Community Children's Services (ACCS) welcomes the opportunity to provide a written response to the Productivity Commission's Draft Report and recommendations for the early and middle childhood education and care sector. ACCS, as the national peak body for the not for profit childcare sector, makes this submission on behalf of its members and the families and children using not for profit children's services.

The ACCS response to the Review of the NQF is attached as an appendix because it provides detailed discussion on our position in relation to important quality matters that are included in the PC Draft Report and recommendations.

**Welcome recommendations**

ACCS welcomes the following recommendations which align with the ACCS submission to the Productivity Commission including and not in any order of priority:

- Introduction of a single subsidy to replace CCB and CCR
- Diverting funding from the proposed new Paid Parental Leave scheme to education and care services
- Increased investment in subsidies for low income families
- Funding of coordination activities in integrated services

- Ongoing funding by the Australian Government for universal access to 15 hours of preschool
- Extending the scope of the National Quality Framework (NQF) to include all centre and home based services that receive Australian Government assistance
- Encouragement for employers to trial innovative approaches to flexible work and other family friendly arrangements
- Implementing a nationally recognised working with children check.

ACCS will focus its response to the PC Draft Report on the discussion and the recommendations that are particularly relevant to the not for profit children's services sector which includes our members and the children, families and communities they serve.

**Six key and connected areas will be discussed:**

1. **Quality matters and costs**
2. **Vulnerable children**
3. **Special EC& L subsidy**
4. **Cross subsidies**
5. **The removal of tax concessions for not-for-profit children's services**
6. **Market theories**

### **1. Quality matters and costs**

ACCS does not agree with the PC Draft Report's description that the differences in quality between for profit and not for profit provision is 'slight' given the contrary evidence. The evidence shows that not for profit services are twice as likely to achieve the 'exceeding' National Quality Standard (NQS) rating, while for profit services are twice as likely to achieve 'working towards' NQS rating. For profit services are twice as likely to not be operating at the standard expected of the NQS. Data on centres in SEIFA 1 areas show that privately owned centres in SEIFA 1 areas have much lower NQS quality ratings than Government and not for profit centres.

The Productivity Commission has not examined the reasons for these significant differences in quality between the two sectors. ACCS argues that this evidence should lead to questioning why government subsidies are being given to services that are not providing a basic standard of education and care and why there is not support for public funding to build more community based education and care services as they have demonstrated their capacity for providing higher quality.

It is not common for not for profit education and care services that are receiving higher

NQS ratings to charge higher fees because of the very nature of the not for profit sector which is to be of *service to* children, families and communities rather than to exploit them or to make a profit from the quality that is provided. Quality for the not for profit sector is about a commitment to equity and social justice through the provision of quality education and care for every child and their family. It is disappointing that the Productivity Commission fails to fully recognise this commitment to equity and its associated costs and benefits.

### **ACCS member example**

*Mahogany Rise Child and Family Centre in the highly disadvantaged community of Frankston North Victoria received an Exceeding NQS rating in 2014. This centre is committed to providing high quality care and education for some of Victoria's most vulnerable children and families. The centre faces considerable budget pressures to meet this commitment. For example, because of identified cases of malnutrition and ongoing issues with poor diets and lack of adequate nutrition, the centre has made a commitment to redress this issue. They meet this commitment by providing up to 75% of the children's daily nutritional needs as well as by working with other professionals and organisations to build the families' capacity to meet those needs in the home environment. Health outcomes for the children have improved significantly since the centre made this commitment. Children's dental health has reduced from over 90% of the children requiring expensive dental interventions in 2009, to less than 2% needing this level of intervention in 2012. The link between good physical and dental health and children's capacity for learning and for their wellbeing and development is well established. This commitment is not a budgetary cost that can be passed onto the families because of their low incomes and high welfare dependency.*

ACCS is concerned by the possibility of 'deemed' costs not taking into account the higher costs associated with quality education and care especially in communities with high levels of disadvantage and where there is a need to support the participation of children who are at risk in education and care services.

## **2. Vulnerable children and families**

Australian and state/territory governments through the Council of Australian Governments (COAG) have endorsed the *National Framework for Protecting Australia's Children 2009 to 2020*. Currently this framework is in the second of its three-year action plan with specific strategies for implementation from 2012 to 2015. One of the six critical outcomes of this National Framework is that "children and families access adequate support to promote safety and intervene early" (COAG, 2009). The public health model adopted by the National Framework considers universal support systems such as education and care services as a 'soft', safe entry point for families who may be in vulnerable circumstances related to their children's safety, development and well-being.

Education and care services are often the first entry point for families who may be vulnerable but are not yet in the situation where a child may be considered to be at risk of serious abuse or neglect. Educators in these services are likely to have far greater

contact and closer relationships with a vulnerable family and child than any other professional who may be involved with the family, such as their general practitioner, a maternal and child health nurse, or a family support worker. This close connection means they are well placed to be 'trusted professionals' who can provide the type and level of support, family capacity building, and education and care that will make a positive difference for these children and their families (Professor Frank Oberklaid, CCCH, 2014).

This level of quality intervention can result in minimisation or mitigation of risks to children that can help to reduce child protection notifications (Moore & McDonald, 2013). This is a significant cost benefit to governments and the community as the economic and social costs of intervention via the child protection system is much higher than the costs of providing quality and affordable education and care services.

ACCS is concerned that the PC Draft Report recommendations in relation to the Early Care and Learning Subsidy (ECLS) and the work activity test will mean that many vulnerable families will not be eligible for the ECLS because the parent/s are not working. This means they will not be able to participate in children's services and to benefit from all that they offer for children and families. This is a short sighted recommendation because there is evidence in Australia and internationally, that workforce participation can be supported for long term unemployed parents through the provision of additional support services such as adult literacy programs in integrated, not for profit children's services (Pen Green UK; Doveton College, Victoria; Benevolent Society Programs, NSW).

In the most recent Trends in Community Children's Services (TICCS) survey undertaken by ACCS, only 15% of respondents said they did not have any children who they would consider vulnerable and of the remaining 85% of respondents, 32% of these respondents said they had noticed an increase in the number of vulnerable children attending their service in the past 12 months. The survey defined vulnerability "as children with a range of risk factors that are challenging or affecting their development and learning".

Vulnerable families already accessing, or those who are not accessing but would benefit from participation in education and care services, must not be excluded and further disadvantaged because they cannot pay full fees or because they are not working. Support from education and care services with regard to early intervention and protection is critical to ensure these families become more successful and resilient in their parenting and family relationships and so that their circumstances do not escalate to placing children at risk of serious abuse or neglect.

### **3. Special Early Care and Learning Subsidy**

ACCS commends the Productivity Commission for recognising the need for the Australian Government to continue to provide support for children who are assessed as 'at risk' to enable their access to education and care services. The current Department of Education priority of access guidelines provide education and care services with an easy framework to prioritise children who are at risk, along with subcategories that are

possible indicators of disadvantage and vulnerability. The priority of access guidelines allow for the consideration of multiple layers of disadvantage. An additional criterion to consider is that proposed by Brendan and Adamson (2014), who suggest special consideration for families who are Health Care Card holders.

ACCS is concerned about Draft Recommendation 12.7 for several reasons.

First, the eligibility criteria for the new SEC&L subsidy are too narrow because they only recognise those children who are known to child protection or where a notification can be made. Research evidence indicates that there are many layers and types of vulnerability and disadvantage and while these may place children at risk, that does not mean a child is in need of immediate protection from the child protection system. Indeed, gaining access to a quality education and care service is known to reduce this risk for children. The eligibility criteria are further narrowed, as the current support for families experiencing temporary financial hardships will no longer be available.

Second, the recommendation to base all subsidies on the 'deemed' cost of efficiently running an education and care service is likely to result in a fee 'gap' to be paid by a vulnerable family if a service charges more than the deemed cost. For these families, any cost is likely to create a barrier to attendance. The cost of including vulnerable children in a service will be higher because of the intensity and scale of their needs. For example, the additional cost of hiring more experienced and qualified educators when traumatised children have highly challenging behaviours including the risk of self harm and harm to others. The notion of 'costing efficiency' in these contexts seems out of place and unfair to the service, children and their families. ACCS recommends that the proposed SEC&L subsidy for children at risk cover 100% of the full cost (not just the deemed cost) of the care and education provided.

Third, the recommendation does not fully address the red tape involved and associated costs with the current system of applying for SCCB. ACCS therefore recommends that the process could be improved by:

- Ensuring the assessment of vulnerability or risk is not just left to a service, but is determined in consultation with another professional such as a family support worker or a child mental health consultant.
- Allowing for a twelve-month period of subsidy from approval of eligibility, because the types of risk factors or vulnerabilities involved are not matters that are resolved quickly or in a 13-week period. Intergenerational poverty, unemployment and family violence, for example, are not likely to be resolved in a few months.
- Recompensing education and care services for the costs involved in assessments, applications and additional service provision for children and families with multiple layers of disadvantage or risk factors.

#### **4. Cross subsidies**

ACCS disagrees with the PC Draft Report's description of the cross subsidisation of fees

as being 'inefficient pricing practice'. We recognise that most of our members utilise cross subsidies because not to do so would be financially unsustainable. No cross subsidies would lead to an over supply of places for older children and vacancies for children under three years of age because of the higher cost of provision.

We regard the practice of cross subsidy as sensible and ethical business practice for our sector because it recognises that babies and toddlers require higher numbers of educators to meet their unique and complex development, learning and wellbeing needs. Families, and especially mothers of babies and toddlers, also require the support of sensitive and skilled educators who understand how they are feeling and their need for ongoing reassurance when they make a decision to return to work with a very young child. ACCS is disappointed that the Productivity Commission has misused the notion of cross subsidies as a way to support its regrettable recommendation to reduce the quality of provision for babies and toddlers and their families. In addition, the PC Draft Report comments on cross subsidies do not take into account the fact that many children utilise a service for several years.

### **ACCS Member Examples**

*Two not for profit centres under the same management system have a total of 139 places, with 78 places for children under 3 years of age. Without cross subsidies, both centres would see fees for children under 3 rise by 50% and fees for children over 3 drop by 50%.*

This example shows how a lack of cross subsidy would not support women's workforce participation, as it would effectively exclude most of the women using these two centres from returning to the workforce before their children turned three.

*Clarendon Children's Centre is a not for profit service which provides education and care for 40 children each day (0-5 years) and charges a daily fee which is the same for all age groups. Typically, children commence attendance as infants or toddlers and stay at the service until they start school. In this case, the notion of cross subsidies is immaterial when considered over the full period of the child's enrolment at the service.*

*Our centre in SA charges one fee as we believe it all balances out in the end as sometimes we pay for the older groups to go on excursions, or the parents pay for the excursion and we pay for the bus.*

### **5. The removal of tax concessions for not-for-profit childcare services**

ACCS believes that the removal of tax concessions for not for profit children's services will have a detrimental effect and will not create a level playing field. Access to these concessions does not give "not for profit providers a competitive advantage over for profit providers" (p. 459).

There are few financial benefits that not for profit childcare services receive. The ability not to pay payroll tax; to provide FBT exempt salary packaging, and be exempt from income tax are the only significant taxation benefits available.

ACCS notes that the PC Draft Report fails to identify the tax deduction benefits available for the for profit sector. For example, the for profit sector is able to, and does, run many operating costs of their childcare business operations as tax deductions, including phones, cars, a variety of mobile devices and tablets, and home computers. In addition, they can raise finance (capital and operational) through loans and overdrafts (again tax deductible) through their governance structures.

Not for profit services do not enjoy any of these benefits, so it is unclear how removal of payroll tax exemption, FBT exempt salary packaging and income tax exemption would outweigh the tax deductions and ability to raise finance to grow in the way that the for profit sector can and does. The not for profit sector cannot raise capital to easily “alter the configuration and capacity of a facility” (p 441) due to the governance structures of an association with limited and dispersed personal liability. Financial institutions are not willing to lend money to these types of governance entities.

### **ACCS member example**

*A small not for profit co-operative recently applied to one of the four major banks for a leasing facility to upgrade the service’s computers and IT capacity. The total value of the proposed lease was \$10,000. Despite having been a customer of the bank for more than 25 years, and having demonstrated financial viability throughout this period, the application was declined with the explanation that the bank “does not have a product to suit this type of organisation”.*

It is an interesting notion to consider tax concessions as a form of government spending that should only be available if the tax concessions are “offset by the benefits such providers delivered to the community” (p. 461). There seems to be an assumption in that statement that social need only relates to family income. Not for profit education and care services provide significant social benefit to the communities where they are located, regardless of the socio-economic status of that community. In addition, as AEDI data and related visual evidence mapping indicates, pockets of vulnerability or disadvantage can be found in many communities, which means social need is not always identified if you only consider the overall economic status of a community or a postcode area (AEDI, 2012).

ACCS argues that not for profit education and care services are an integral part of a community’s inherent social capital, contributing to local economic well-being of families in the community through provision of work-related child places, and creating and supporting networks of social relations through strong trusting relationships and partnerships with families and other community organisations (Stone, 2001 pp. 4-6).

For profit services may be able to engage with communities to facilitate social benefits; however this is not the primary objective of operating a business to maximise shareholder outcomes. In contrast, not for profit education and care services will most often have community engagement as one of their principal objectives of being.

## 6. Market theories

Chapter 10 of the PC Draft Report has a lengthy discussion on the market for childcare services, but the modelling that is used doesn't seem to fit well with the actual nature of education and care service provision. Much of the theorising about markets, competition and choice in this chapter comes unstuck when in reality there are not enough places to meet demand. This means that often families are not in a position to choose an education and care service, so they take what they can get, if they can get anything. There is no choice because there are so few places, which means there is no competition. The market theory idea that demand leads to competition simply does not happen.

ACCS believes there are inherent dangers in a market-driven system with children's best interests rarely at the forefront of the discussion and limited questioning of the role and motive of for profit operations. The catastrophic failure of the former ABC childcare corporation is an example of a commitment to a market driven approach to childcare. No lessons from this failure seem to have been learnt as the 'silence' on this type of corporate model in the PC Draft Report indicates.

Given that the PC Draft Report's recommendations are only expected to deliver 0.4% increase in labour market participation (p.2), ACCS suggests it is worth looking for more innovative alternatives that will improve education and care provision and women's workforce participation. For example, in Sweden 70% of all mothers are in the workforce (80% of single mothers)(OECD, 2005). This has contributed to lowering the child poverty rate to just 4% (OECD, 2005). High quality, publicly owned childcare services play a critical role in achieving these significant social benefits, which will have long-term economic impact. The Swedish system is based on the best interests of children and the understanding that a high quality starting point is in the best interests of families, communities and the nation.

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## **2014 Review of the National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care**

**ACCS Submission – 4 July 2014**

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## **About ACCS**

Australian Community Children's Services (ACCS) is the peak body representing Australia's not-for-profit community education and care services and those who support the right of children to access these services. ACCS has branches in every state and contact people in each territory throughout Australia. Our membership includes community based long day care services, preschools/kindergartens, family day care and in-home care services, mobiles, and out of school hours services throughout Australia; from small stand-alone parent managed services located in rural and remote areas to those sponsored by very large not-for-profit organisations.

ACCS is committed to:

- children, families and communities
- children's rights for the best care, education and health services
- community ownership
- connected services for children, families and local communities
- not-for-profit cost effective services and
- cultural diversity and respect for Aboriginal and Torres Strait Islander people as custodians of the land.

## **Introduction**

ACCS believes that the objectives of the National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care have been largely met. The sector required major reform and the introduction of the National Quality Framework (NQF) has led to significant improvements in the quality of early and middle childhood education and care. Like any new system it takes time and resources for these changes to become embedded and it is a credit to all levels of government, service providers and educators across the country that so much has been achieved in a short time.

The NQF is a rigorous, evidence based quality framework that

“promotes family centred practices supporting and promoting open two way communication between parents and educators and ensuring a sense of partnership in the education and care and of each child” (Kaleena Pont School Holiday Program Coordinator, City of Greater Geelong).

ACCS strongly supports the full implementation of the NQF to 2020. The NQF is a new system and it is imperative that this full cycle of implementation to 2020 is carried out as planned.

### **ACCS Trends in Community Children’s Services Surveys Waves 1 to 3**

Since the introduction of the NQF ACCS has conducted three waves of a national survey Trends in Community Children’s Services Survey (TICCSS) designed to track how the community sector have engaged with and implemented the NQF. Over 600 services participated in the first survey conducted in May/June 2012, over 500 services participated in the second survey conducted in November 2012 and over 800 services participated in the third survey recently conducted in June 2014. Services from all states and territories participated and respondents included a broad range of service types - long day care, family day care, outside school hours care, preschool/kindergarten, in-home care and mobile services. The research was designed to be explorative and the findings are indicative and not representative.

This submission will draw on findings from the first and second wave published in the two ACCS National TICCSS Reports and unpublished preliminary data drawn from the 3<sup>rd</sup> Wave of the survey which has only recently closed.

## **What are the strengths of the National Quality Framework and what is working well?**

### **National consistency**

The NQF provides a nationally consistent quality assurance framework for all approved education and care services throughout Australia. As a national agreement it supports equity of provision over time across the federation for all children and families

For families, this is critical. This means that regardless of which children's service a family may use in any geographic location throughout Australia they can expect and understand that there is a base line of quality early and middle childhood education and care service delivery.

For education and care services staff and educators there is a common, collective understanding of quality assurance underpinned by agreed approved curricula frameworks that are flexible and adaptable to meet the local needs and cultural contexts of children and families attending any approved education and care service throughout Australia.

For state and territory Regulatory Authorities the introduction of a single uniform law and associated regulation, along with the ratings and assessment system has streamlined administrative processes, quality control and compliance requirements for each of these Authorities.

### **Minimum qualifications**

The introduction of minimum prescribed qualifications is one of the successes of the NQF. One of the key structural components of quality for education and care services is that all children's services staff have relevant qualifications.

Australian and international research indicates that higher levels of relevant early and middle childhood qualifications support better outcomes for children, as well as improving retention rates and levels of job satisfaction for educators, and the capacity of education and care services to sustain quality program delivery over time (Huntsman, 2008; Rush, 2006; Sylva et al, 2004)<sup>1</sup>.

Minimum early childhood qualifications enable a base line entry point into education and care services that ensures educators can engage in a basic way

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<sup>1</sup> Huntsman, L. (2008), *Determinants of quality in child care: A review of the research evidence*. [http://www.community.nsw.gov.au/DOCSWR/assets/main/documents/RESEARCHNOTES\\_WHA\\_T\\_QUALITY.PDF](http://www.community.nsw.gov.au/DOCSWR/assets/main/documents/RESEARCHNOTES_WHA_T_QUALITY.PDF) (accessed 30 June 2014). Rush, E. (2006), *Child Care Quality in Australia*, Discussion Paper No 84 The Australia Institute. Sylva, K., Melhuish, K., Sammons, P., Siraj-Blatchford, I. & Taggart, B. (2004), *The Effective Provision of Preschool Education (EPPE) Project, Final Report*. London: Institute of Education.

with the quality framework and prescribed curricula. Higher qualifications such as a diploma or early childhood teaching degree facilitate a much more rigorous engagement driving even higher quality outcomes for children attending education and care services.

TICCSS data demonstrates that the introduction of the NQF has resulted in the sector taking significant action to improve the qualification profiles of educators across all education and care services types. The results of all three waves of the TICCSS research demonstrates that the sector has been preparing for the improved qualification requirements included in the NQF over a number of years and are now in a strong position to meet them.

TICCSS 3<sup>rd</sup> Wave provides data on 10,995 educators. In June 2014 only 7% of educators did not have a relevant formal early or middle childhood qualification, compared with 12% in May 2012. Almost one quarter (23%) of the workforce is currently engaged in studying for a formal qualification.

TICCSS 2<sup>nd</sup> Wave in November 2012, showed that ahead of the 2014 requirement for all long day care and preschool services to employ a degree qualified early childhood teacher, just over two thirds (69%) of long day care services reported having at least one educator with either a four-year or three-year degree in early childhood education. One quarter (25%) of services reported having at least one educator currently working towards a four-year degree. This is indicative of educators embracing the professionalisation of their sector and taking up opportunities for higher qualifications.

Provisions in the Regulations for those enrolled in study to be considered as meeting the minimum qualification requirements and the option to apply for a waiver if a service is unable to recruit qualified staff in the short term, has addressed any concerns that services would not be able to operate due to a shortage of qualified educators.

### **Professional recognition**

Minimum qualifications, national consistency, agreed curricula and quality frameworks have enhanced the professional status and standing of those who work in early and middle childhood education and care services throughout Australia. The NQF has heightened internal and external public awareness and knowledge related to the importance of the early years in children's development.

### **Improvements to educator:child ratios**

Improvements to educator:child ratios are one of the significant successes of the NQF. These ratio changes bring in line differing ratios from states/territories to one agreed base line of national consistency. These improved ratio changes

enhance outcomes for children as evidenced in a summary of Australian and international research on the positive impact of increased staff to child ratios on outcomes for children in the Evidence brief on NQF ratios and qualifications (ECA 2013)<sup>2</sup>.

Contrary to the reports that this area of the NQF is creating problems for services, TICCSS shows respondent services are meeting the new ratios and some services have chosen to operate well above the national standards, recognising the relationship between quality and better educator:child ratios.

In TICCSS 2<sup>nd</sup> Wave (November 2012) all long day care respondents were meeting the new national minimum standard of a 1:4 ratio for children aged from birth to less than two years that commenced on 1 January 2012; and one quarter (25%) were operating their babies' rooms at a 1:3 ratio or better. Data from TICCSS 3<sup>rd</sup> Wave shows that 27% of respondent services are now operating their babies' room at 1:3 ratio or better.

A national minimum standard of one educator for every eleven children aged 3-5 years will apply from 2016. TICCSS 1<sup>st</sup> Wave (May 2012) showed that 72% of respondents already met this ratio and 67% exceeded the 1:11 requirement; well in advance of the legislative requirement. TICCSS 3<sup>rd</sup> Wave (June 2014) shows that 80% of respondents are meeting this standard, two years ahead of time; and three quarters (74%) are already exceeding it.

ACCS believes it is imperative for the well-being and safety of children that the ratios in the NQF remain in place or are improved and that future scheduled improvements to ratios are implemented.

It is essential that these ratios, which have been developed as the minimum standards, are maintained across the whole day. Any suggestion that the educator:child ratio could be averaged across a day to make it easier for providers to comply with this requirement at peak times of the day is alarming. Services need to be properly staffed so that children are adequately protected from hazard and harm at all times of the day.

### **Increased quality of education and care and improved positive outcomes for children**

The NQF is a quality reform agenda, developed from Australian and international evidence-based research on quality indicators. It has helped to raise the profile of the sector and of the importance of the early and middle years for children's current and long term wellbeing, learning and development.

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<sup>2</sup> <http://www.earlychildhoodaustralia.org.au/wp-content/uploads/Evidence-Brief-on-NQF-Ratios-and-Qualifications-February-2013.pdf>, accessed 4 July 2014

ACCS members report that they have observed improved service provision and improved outcomes for children across Australia, not just in community managed and not for profit services but across all ownership types. ACCS believes that the National Quality Standard (NQS) lifts the bar on what is expected across all Quality Areas and this has resulted in important changes in practice and significantly improved outcomes for children.

This is supported by the results of TICCSS 3<sup>rd</sup> wave data that shows significant numbers of services implementing positive changes in the seven Quality Areas in the last twelve months.

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<b>Quality areas that services have implemented positive changes in</b>	
Quality Area 1: Educational program and practice	86
Quality Area 2: Children’s Health and Safety	52
Quality Area 3: Physical environment	62
Quality Area 4: Staffing arrangements	51
Quality Area 5: Relationships with children	55
Quality Area 6: Collaborative partnerships with families and	62
Quality Area 7: Leadership and service management	56

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The introduction of approved learning frameworks has been embraced by services. It is exciting to see that 86% of TICCSS respondents reported implementing positive changes in Quality Area 1 Educational program and practice in the last 12 months. Furthermore just over two thirds (68%) of respondents identified improved outcomes for children and/or services being more focused on meeting children’s needs as one of the top three highlights their service has experienced in the last twelve months.

A strength of the NQF is the development of seven Quality Areas and accompanying standards and elements which work together to ensure quality service provision. All seven evidence-based quality areas are intrinsically linked and one area does not carry more weight than another. The seven quality areas have been developed to consider all aspects of education and care services delivery. Quality education and care services are predicated on structural and process dimensions. Structural dimensions relates to:

- educator to child ratios
- the qualifications of educators and
- group size; that is the number of children in a room or defined space.

Process dimensions relates to:

- the quality and nature of the adult child interactions and relationships within a service and
- the curricula; that is the activities and learning opportunities provided to children as a service.

These two dimensions are intrinsically linked. The quality of any children service is a product of the interplay between these structural and process dimensions; this interplay is made more effective when there is constructive and supportive leadership of the service, engagement with families and local community, underpinned by local cultural contexts<sup>3</sup>.

### **Introduction of improved quality assurance and continuous improvement process**

The assessment and ratings process as a driver for continuous improvement is also one of the successes of the NQF. The introduction of this process, on the whole, has been a positive experience with many community managed services reporting that the NQF process was simpler than the previous accreditation system and provides a more authentic and real picture of the quality of the service.

In TICCSS 3<sup>rd</sup> Wave, almost half (47%) of the respondents indicated that developing and implementing the QIP has led to improvements at our service as one of the top three highlights for their service in the last twelve months.

Half (49%, 426) of the service respondents to TICCSS 3<sup>rd</sup> Wave had been through the assessment and ratings process. Of those respondents that had been through the assessment and ratings process:

- 80% indicated that the process had a positive or extremely positive impact on quality improvement at their service
- 73% rated the clarity of the process as positive or extremely positive
- 67% rated the usefulness of the assessment and ratings report as positive or extremely positive and
- 86% of services rated the ease of the process and the impact on the running of the service as positive (41%) or extremely positive (23%).

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<sup>3</sup> Cloney, D.; Page, J., Tayler, C., & Church, A. (2013), Assessing the quality of early childhood education and care, *Policy Brief*, No. 25 July 2013, Centre for Community Child Health, The Royal Children's Hospital Melbourne.

## **Administrative impact of the National Quality Framework**

The introduction of the NQF was celebrated as a long awaited administrative reform for service providers and those involved with the management of early and middle childhood education and care services. Many in the sector had lobbied for years for an end to the dual systems of state/territory based regulation and national quality assurance administered by different jurisdictions. It put an end to a system where some services may have needed to submit paperwork to renew a state/territory license and have an inspection based on this application, and also submit paperwork and have an external validation visit against Australian Government accreditation standards within the same year. Service providers and staff in many early and middle childhood education and care services needed to be cognisant of different jurisdictional and different service type requirements and maintain systems to ensure compliance with both.

The introduction of a single uniform Regulation, and ratings and assessment system governed by the same legislation and administered by one Regulatory Authority in each state/territory has streamlined administrative processes and compliance requirements significantly for many services. The effect of this has not been immediate as services have needed to understand and comply with new requirements and processes, and this initial investment in compliance has been time consuming.

Any new national system will have an initial additional regulatory burden as those who are involved in the new system understand its requirements and adapt management and administrative requirements to fit with the new system. This has certainly been so with the NQF; and was absolutely the same experience in January 1994 when the National Childcare Accreditation commenced.

The perception of increased regulatory burden under the NQF was exacerbated by a number of issues:

- The implementation of the National IT system was significantly delayed well beyond the commencement date of the NQF. This resulted in services, Regulatory Authorities and ACECQA needing to overlay, unexpectedly, a manual system for much of 2010 and into 2011. This created much frustration from services with, for example, applications and approvals being dramatically slowed down, and lost applications due to an overwhelming paper volume.
- The implementation of other significant national reforms including workplace health and safety, and privacy legislation that coincided with significant changes in the NQF such as minimum qualification requirements and ratio improvements. While all of these changes are attributable to very different legislative requirements, many services perceive them to be all part of the same increased regulatory burden load.
- Some state and territory Regulatory Authorities changed some of their reporting requirements to comply with the national reporting system. For some

services this did increase regulatory burden until these new requirements became bedded down.

The ACECQA *Report on The National Quality Framework & Regulatory Burden* (2013)<sup>4</sup> shows that services on the whole, do not yet perceive a decrease in administrative burden. ACCS believes this is to be expected at this point in the reform process. Over the last couple of years services have needed to undertake a significant amount of work including:

- updating policies to reflect changes to legislation
- writing and put into practice several new policies that were not required under previous legislation
- undertaking a self-assessment process against the new NQS and use this to write and update a Quality Improvement Plan
- ensuring that services comply with new Regulations across a range of areas including the introduction of Nominated Supervisors and Certified Supervisors
- becoming familiar with and use new approved learning frameworks and
- participating in or prepare for a new assessment and ratings process.

The perception of increased regulatory burden for some services reflects anxiety around a new system and lack of experience going through an assessment and rating process. The ACECQA research shows a critical point of different regarding perceived administrative burden. Once services have received their first assessment and rating visit and their rating;

- their perceptions of level of burden decreased (p. 51<sup>4</sup>) and
- agreed that the level of administrative burden had reduced since the introduction of the Law and Regulation (p. 77<sup>4</sup>).

It is interesting to note that despite these perceived significant demands on services, the research undertaken by ACECQA (2013) shows that 78% of providers were either very supportive or supportive of the NQS. ACCS believes that as more services complete their first cycle of assessment and ratings the perception of administrative burden will decrease.

TICCSS data also reflects a decrease in perception of increased paperwork with:

- 86% of respondents identifying this as a one of their top three issues in TICCSS 1st Wave (May 2012) and

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<http://www.scseec.edu.au/site/DefaultSite/filesystem/documents/Reports%20and%20publications/Publications/ACECQA%20Research%20Report%20on%20the%20NQF%20and%20Regulatory%20Burden%20-%20Combined.pdf>, accessed 3 July 2014.

- only 46% identifying this as one of their top three issues in TICCSS 3<sup>rd</sup> Wave (June 2014)

Furthermore 10% listed Administration and paperwork is more streamlined as one of the top three highlights of the past twelve months (TICCSS 3<sup>rd</sup> Wave).

ACCS believes that with many services having successfully moved through this transition period and implemented many new requirements, it is imperative that this effort is built on and not wasted. The last thing services need is another round of significant changes to requirements.

An ongoing challenge for services is keeping up to date with and understanding their other legal obligations across all jurisdictions. Addressing this issue would significantly reduce the administrative and compliance complexity for services.

## **What further opportunities are there for streamlining/reducing regulatory burden and improving the National Quality Framework?**

1. Change the assessment and ratings cycle so that a service with a rating of Working Towards the NQS has the option of being reassessed just in the standard/s that they did not receive Meeting or Exceeding the NQS for, as soon as they have implemented changes and their self-assessment process indicates that they are now Meeting the NQS in that Standard.

It is disheartening for a service to have to wait for a whole new assessment and rating cycle in order to achieve a better rating, and time consuming for a Regulatory Authority to reassess every standard (when a service may have received Exceeding the NQS in some areas).

ACCS believes however that it is imperative that for a service to receive an overall Meeting the NQS rating it should meet each of the 58 elements in the NQS and that there should be no change to this requirement. When the health, safety, wellbeing, learning and development of children are at stake it is essential that services are supported to meet every single minimum standard. In some situations 'a pass' means getting 50% or better on a test; applying the best interests of the child principle to assessment and ratings means nothing but 100% is acceptable for Australia's children.

2. Review the Excellent Rating

ACCS believes that the Excellent Rating should be reviewed with strong consideration given to removing the Excellent Rating, while increasing the level and requirements for a service to receive Exceeding the NQS.

As a minimum ACCS recommends that the Excellent Rating be put on hold at least until all services have been through the assessment and ratings process and direct resources saved by doing this to increasing the pace of assessment and ratings visits.

3. Increase the number of unannounced visits to services by Regulatory Authorities to monitor continuity of practices.
4. As a priority bring all service types including in-home care, occasional care, mobile services and MACS into the scope of the NQF.
5. Further resource services to ensure that there is a 'no wrong door' approach (ACECQA or each Regulatory Authority) for information about the broad range of legislative requirements that services need to meet.

This could include for example regular update alerts and explanatory notes to all services when any federal or state/territory legislative requirement changes across any of the required policy areas and the implications of this for

services, and updating the National Framework Resource Kit to include:

- clear outlines of what each required policy needs to cover and
  - listing all other federal and state/territory based legislative requirements in each policy area.
6. Improve the educator:child ratios for children less than 12 months to 1:3.
  7. Provide services with more clarity on what level of documentation is required for Quality Area 1: Educational program and practice.
  8. Further improve the assessment and ratings process

The introduction of this process has been largely successful. There is consistent feedback that this system is easier and simpler for services and gives a more accurate rating and more authentic picture of what is happening at the service. As with any new system however there is scope for further improvements including:

- ongoing training, support and moderation to ensure that Authorised Officers are consistent in their rating of services – there are some reports that in some states/territories and in some regions there is not always consistency in how each element is assessed
- employment of Authorised Officers with relevant contemporary early/middle qualifications and experience, including of different early and middle childhood education and care services and
- provision of more detailed continuous improvements strategies for services with ratings of Meeting or Exceeding the NQS.