Submission to the Productivity Commission Inquiry into Child Care and Early Childhood Learning

February 2014
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The best possible start in life

3 February 2014

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Presiding Commissioner
Childcare and Early Childhood Learning
Productivity Commission
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By email: childcare@pc.gov.au

Dear Dr Craik

The Australian Children’s Education and Care Quality Authority (ACECQA) welcomes the opportunity to make a submission to the Productivity Commission’s Inquiry into Child Care and Early Childhood Learning.

The National Quality Framework

In 2012, each state and territory introduced laws creating a national system regulating education and care services catering for children aged from birth to 13 years, including long day care, family day care, preschool/kindergarten, and outside school hours care.

This national system is called the National Quality Framework (NQF) and is underpinned by the nationally applied Education and Care Services National Law (the National Law) and Education and Care Services National Regulations 2011 (National Regulations). The sector regulated by the National Law is referred to as children’s education and care sector.

Through the National Law, the NQF aims to improve the quality of education and care services for all children across Australia. The National Quality Standard (NQS) is a key aspect of the NQF. It sets a national benchmark for the quality of education and care and care services. To ensure children enjoy the best possible educational and developmental outcomes, the NQS promotes continuous improvement in quality.

ACECQA’s submission

ACECQA is an independent national statutory authority established under the National Law to lead the national implementation of the NQF and ensure consistency of approach.

ACECQA’s submission seeks to provide the inquiry with independent, objective and expert advice on the national regulation of children’s education and care based on the experience of implementing the NQF to date.
In particular, the submission focuses on the terms of reference where ACECQA has unique expertise including:

- the contribution that access to affordable, high quality education and care can make to optimising children’s learning and development
- the current and future need for child care in Australia
- the benefits and other impacts of regulatory changes in child care over the past decade
- whether there are any specific models of care that should be considered for trial or implementation in Australia.

ACECQA’s submission is structured as three policy briefs to draw out ACECQA’s key messages to the Commission.

Regulating for quality

There are well-established individual, economic and societal benefits of quality children’s education and care. In order to realise these benefits all states and territories and the Australian government created the NQF. The ongoing implementation and support of the NQF is essential for Australia’s long term prosperity.

The value of the national quality assessment and rating system

Quality rating helps to promote compliance with regulatory standards and continuous improvement in the quality of children’s education and care services by providing incentives and accountability for providers. Measuring quality also provides a valuable source of information for families and governments. The NQF and the quality rating process are flexible and able to incorporate alternative models of care.

The efficiency of the NQF and how it might be improved

The introduction of the NQF has brought efficiencies to the children’s education and care sector. There are opportunities to further improve efficiency without compromising outcomes for children. ACECQA’s research is providing an evidence base to benchmark administrative burden in the sector. ACECQA and regulatory authorities are continuing to identify and implement opportunities to streamline the NQF.

Thank you again for providing this opportunity for comment. For any further information, please contact Karen Curtis, Chief Executive Officer on 02 8240 4288.

Yours sincerely

Rachel Hunter
Chair
ACECQA Board
1 - Regulating for quality

Regulating for quality, through qualified educators, ratios and approved learning frameworks, is integral to realise the individual, and long term economic and societal benefits of early childhood education and care.

Rationale for government intervention in the children’s education and care sector

Investment in quality education and care for children provides long term economic and societal productivity gains and lays the foundation for children’s learning and development, complementing the primary role of family.

Supports the learning and development of individual children

There is a vast body of research showing quality education and care leads to better health, education and employment outcomes later in life. Neuroscience confirms that children are born ready to learn, and that they learn best through nurturing relationships and being engaged in their environment; through doing, watching and copying. As brain architecture and function develops rapidly during early childhood, this time is critical for establishing self-esteem, resilience, and the capacity to learn, all of which are vital to a child’s long-term outcomes.

Attendance at high quality services is shown to contribute to children’s learning and development, including their broader health, social and emotional development. This increases the learning and developmental skills of children and allows them to obtain their full potential as individuals.

In particular, evidence indicates that children from disadvantaged backgrounds stand to gain the most from quality education and care. It results in improved developmental outcomes including learning skills and improved quality of life. These children are also more vulnerable to negative impacts from poor quality services, meaning that the provision of low quality education and care can entrench disadvantage.

Evidence presented in a recent Australian study (E4 Kids) also reiterates that to achieve positive educational and developmental outcomes for individual children, access to early childhood education that involves high-quality interactions for all children is fundamental.

Rights of the child

Regulating for quality is central to realising each child’s right for education and safety and ensuring that ‘the rights and best interests of the child are paramount’. These rights are recognised under the UN Convention on the Rights of the Child which Australia ratified in 1991.

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1 Elliott A. Australian Council for Educational Research, Early Childhood Education, Pathways to quality and equity for all children, Australian Education Review, Volume 50, 2006 (note Alison Elliot is a member of the ACECQA Board)
2 Ministerial Council for Education, Early Childhood Development and Youth Affairs, Engaging families in the early childhood development story, (South Australia: 2010), Pages 15 - 23
4 A practical vision for early childhood education and care, PricewaterhouseCoopers, March 2011.
5 Quality in Children’s services, Centre for Community Child Health, Issue 2, 2006,
6 Tayler C et al. The quality of early childhood education and care services in Australia, Australasian Journal of Early Childhood – Volume 38 No 2013 (note Collette Tayler is the Deputy Chair of the ACECQA Board)
7 s3 National Law
1 - Regulating for quality

The NQF aims to make sure children are supported to learn and develop, that their wellbeing is enhanced, and that they are safe and healthy. Regulatory intervention to ensure high quality services is therefore central for valuing children as citizens in their own right. The rights of the child are reinforced in the approved learning frameworks that are embedded in the National Quality Standard. The learning frameworks emphasise the importance of all children’s self-determination and autonomy.

Economic Benefits

Any regulatory intervention must be efficient in terms of maximising the benefits to the community, while taking account of the costs. The value of investment in early childhood education and care is confirmed by economic analyses, which show sustained benefits beyond childhood. According to the World Bank, quality early childhood education and care interventions are among the most cost-effective investments in human capital. In comparison, leaving learning interventions to later in life are less effective and may mean children do not reach their full potential.

Quality children’s education and care contributes to increased economic growth and development. According to the Starting Well Index, an index to rank preschool provision across 45 countries, Australia ranks in 28th place. This index measures availability, affordability and quality of education and care and the data was collated before the implementation of the National Quality Framework. To compete in a globalised knowledge based economy Australia needs to develop a highly skilled labour force.

A robust regulatory system also ensures accountability for public investment. Australian governments invest significant funding in education and care. Regulating for quality ensures, not only that funds are not misused, but that they are invested to achieve the desired policy outcomes and that society obtains the maximum return.

Further, a robust regulatory system allows families to have confidence in the quality of services their children are attending. Families, particularly first time parents, require assurances about quality, including that their children are safe and that their developmental and educational needs are being met. When families utilise children’s education and care services, this allows for greater participation in the workforce.

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8 Article 3 (Best Interests of Child) and Article 28: (Right to education)
10 The Early Years Learning Framework & Framework for School Age Care in Australia, Outcome 1: Children have a strong sense of identity. Children develop their autonomy, inter-dependence, resilience and sense of agency.
12 World Bank Education Strategy 2020
14 Starting well, Benchmarking early education across the world, A report from the Economist Intelligence Unit 2012
1 - Regulating for quality

Long term productivity benefits for society

Investing in a system of high quality education and care delivers long term productivity gains that benefit society. Given high quality early childhood education and care not only benefits private consumers, but also society as a whole, regulation to improve quality is important.15

Government intervention in children’s education and care helps to provide the positive externalities that accrue to society from the provision of quality early childhood education and care. In particular, high quality early childhood education and care improves children’s educational and developmental outcomes and their future life experiences and productivity. In particular, it can lower the costs for society in terms of lost talent and public spending on welfare, health and even justice. These long term benefits are summarised in Table 1 below.

It is important that any regulatory model establishes a benchmark for quality. Such a model yields a range of benefits including improved educational and developmental outcomes for children, building greater human capital, and helping to ameliorate negative impacts for at risk children.

Quality early childhood development is also a major force in helping overcome issues relating to child poverty and educational disadvantage.16 It also helps all children achieve their full potential, which helps to create a society that is more tolerant and socially inclusive.17

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<tr>
<th>Societal benefits of quality education and care</th>
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<td>Reduced disparities in educational outcomes, particularly for children from disadvantaged backgrounds</td>
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<td>Higher educational attainment, which is linked to:</td>
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<td>• higher earnings and increased productivity of the labour force</td>
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Table 1: Societal benefits of quality education and care

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15 Bennet J et al, Early Childhood Care and education as a structural approach to integrating children and families at risk 1998
16 OECD (2006) Starting Stronger II: Early Childhood Education and Care
17 D. Willms:2002 'Vulnerable Children'
1 - Regulating for quality

Regulating for quality

In 2012, each state and territory introduced laws creating a national system for regulating education and care services. The national system is called the National Quality Framework (NQF) and is underpinned by the nationally applied Education and Care Services National Law (the National Law) and Education and Care Services National Regulations 2011 (National Regulations). The NQF aims to provide better educational and developmental outcomes for children attending education and care services.

The NQF introduced the National Quality Standard (NQS) for education and care services. It provides a benchmark for measuring quality which is underpinned by regulatory standards. While children’s education and care in Australia includes a diverse range of services (long day care, family day care, preschool and outside school hours care) and provider types (community/not-for-profit, private, and government), each can be rated against the NQS. This aims to ensure children experience high quality education and care regardless of the type or location of service they attend.

In addition to the NQS there are other important features of the NQF that regulate for quality. The NQF introduced strengthened and nationally consistent educator to child ratios and qualification requirements for educators. In addition, services must deliver a program based on an approved learning framework and engage in ongoing reflection, planning and programming to support each child’s learning and development. These requirements support the essential high-quality interactions between educators and children.

Qualifications

The NQF sets nationally consistent requirements for educator qualifications. These requirements were informed by research and consultation as part of the development of the NQF. Higher educator qualifications are strongly associated with improved child outcomes, as educators are better able to involve children, stimulate interactions, and use a range of strategies to extend and support their learning. The OECD has reported that “children learn best when they are active and engaged; when interactions are frequent and meaningful; and when curriculum builds on prior learning.”

Staff qualifications, including initial education and professional development, contribute to enhanced pedagogical quality. Qualifications are highly associated with better child outcomes. It is not the qualification per se that has an impact on child outcomes but the ability of better qualified staff members to create a higher quality pedagogic environment. Educators care for a diversity of children and are required to continuously reflect on pedagogical practice.

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20 Ibid
1 - Regulating for quality

Consistent with the OECD findings, Australian research highlights the importance of a professional children’s education and care workforce to promote improved levels of intentional teaching for all children.22 A Melbourne University study found the highest increases in Year 3 nation-wide National Assessment Program – Literacy and Numeracy (NAPLAN) test outcomes for children whose preschool teachers had Diploma or Degree level (high) qualifications.23 Australian evidence such as the E4Kids study24 on the quality of intentional teaching in education and care services suggests that improvement is needed to support positive outcomes for children.

Under the NQF, from 1 January 2014 children have access to more highly qualified staff in early childhood education and care services, and more children will have access to early childhood teachers. All educators at a minimum must be enrolled in a certificate III qualification, and 50 per cent of educators in each early childhood education and care service must have, or be studying towards, an approved diploma qualification or a degree in early childhood teaching.

Australian governments have supported the sector to prepare for the 2014 qualifications requirements. There are a range of government initiatives to support educators to complete qualifications. The Australian Government has invested in providing Recognition of Prior Learning (RPL) for existing educators and an Inclusion of Professional Support program. RPL allows existing educators to have their prior experience and knowledge recognised and credited towards the completion of higher qualifications. State and territory governments have also introduced a number of scholarship programs to help with reducing the cost and time taken to complete qualifications.

The Australian Government Department of Education commissioned a workforce review to inform governments of the progress of the children’s education and care sector towards meeting the new qualifications requirements and identify any gaps or areas requiring attention and additional support. That report is expected in early 2014.

ACECQA notes that on 31 December 2013, 4.9% (695) of approved education and care services across Australia were operating with waivers. Of the 432 services with temporary waivers, 95.8% (414) are for staff. ACECQA will continue to monitor and report on the number of staffing waivers required by services.

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23 Ibid

24 Tayler C et al. The quality of early childhood education and care services in Australia, Australasian Journal of Early Childhood Volume 38 No 2013 (note Collette Tayler is the Deputy Chair of the ACECQA Board)
1 - Regulating for quality

Ratios

The NQF also introduces improved educator to child ratios. Setting appropriate ratios is important as the more time an educator can spend with an individual child, the more likely they are able to create a high quality pedagogic environment tailored to each child’s needs. As outlined in the Council of Australian Government’s (COAG) Regulatory Impact Statement (2009) ‘care providers and early childhood educators are able to be more positive and responsive to children when they are directly responsible for fewer children.’

Changes to educator to child ratios and qualification requirements are being introduced over a 10 year transition period under the NQF. This gives providers sufficient time to adjust and to allow educators to undertake further training or study, where necessary.

Approved Learning Frameworks

Delivering an educational program based on an approved learning framework is now a legislated requirement under the National Law. ‘Belonging, Being and Becoming: the Early Years Learning Framework for Australia’ (EYLF) is the national, approved learning framework for children aged birth to five. The EYLF provides a common language, and aims to support educators in developing programs that support children’s learning and development. The framework sets out five key outcomes that are vital to children’s development, with a specific emphasis on play-based learning. ‘My Time, Our Place: Framework for School Age Care in Australia’ builds on these key outcomes and provides guidance for developing and implementing programs for children attending school age care programs.

The benefits of a common framework for children’s education and care are highlighted in numerous OECD publications. These benefits include producing a more consistent and equitable system across different services while allowing for adaptation to local needs and circumstances. A clear and consistent articulation of goals also helps in the development of programs that promote children’s learning and development and foster their wellbeing. Such articulations can also guide and support staff to facilitate communication between teachers and parents, and ensure continuity between pre-primary and primary school levels. Well-defined educational programs not only benefit preschool aged children but also infants and toddlers. In infant-toddler settings with a weak pedagogical framework, young children may miss out on stimulating environments that are of high importance in the early years.

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25 OECD (2006) Starting Stronger II: Early Childhood Education and Care
26 COAG, Regulation Impact Statement, 2009
27 OECD (2006) Starting Stronger II: Early Childhood Education and Care
28 Ibid
29 Ibid
Ibid
ACECQA’s role in quality

ACECQA’s role is to provide national leadership on the implementation of quality children’s education and care through the NQF.

ACECQA, as the national quality authority, undertakes research and evaluation of the NQF and its effect on children’s learning and developmental outcomes. Quality assessment and rating undertaken by regulatory authorities makes it possible for ACECQA to collect national, consistent data about the quality of children’s education and care. The analysis of the data in conjunction with original research conducted by ACECQA, serves as an important tool to inform policy and practice. The findings provided by this research will allow informed recommendations about potential improvements to the NQF to maximise educational and developmental benefits for children and the long term productivity benefits.

Educating families and the broader community about the importance of quality children’s childhood education and care is also a key function of ACECQA. In supporting the NQF, Early Childhood Australia outlines ‘the need for leadership and a firm commitment to the long-term benefits for children that the NQF reform agenda will deliver.’

The NQF qualification requirements, as a key indicator of quality, mean that there is increasing professionalisation of the educators working in education and care services. As part of the NQF, ACECQA has a legislative function to determine qualifications for approval. Specifically, in its role of approving early childhood teaching qualifications, ACECQA has been working with the Australian Institute for Teaching and School Leadership (AITSL) and the Australasian Teachers Registration Authorities (ATRA) to streamline national qualifications approval and accreditation processes, while ensuring high quality qualifications for early childhood teachers. ACECQA’s requirements ensure early childhood teacher qualifications have an appropriate pedagogical focus and professional experience for children aged birth to five. This is a different focus to the teacher accreditation process, where qualifications are assessed against the Australian Professional Teaching Standards that are largely school focused and may not contain sufficient pedagogy for the youngest children.

ACECQA also collaborates with peak organisations such as Early Childhood Australia and the Professional Support Coordinator Alliance to ensure that professional development programs are targeted to areas of need.

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31 Ibid
32 Evidence Brief on staff to child ratios and qualifications, Early Childhood Australia, 2013
33 s255(p) of National Law
2 - The value of the national Quality Assessment and Rating system

The National Quality Framework quality assessment and rating process is an effective regulatory intervention to measure and drive quality improvement over time. Quality assessment and rating data is benchmarking quality and informing policy makers about the quality of children’s education and care across Australia. Quality rating information is also helping alleviate the significant information asymmetries families face relative to service providers.

National Quality Assessment and Rating
The quality assessment and rating component of the National Quality Framework is a single national rating system that measures and drives quality. As described by the Expert Advisory Panel on Quality Early Childhood Education and Care:34

Together with national standards, a quality rating system enables individual services and the early childhood sector as a whole to evaluate practice, improve quality and implement models of accountability that stand up to public and professional scrutiny.

Quality rating is a national approach to assessment and rating across the range of children’s education and care service settings. In addition to supporting children’s wellbeing and development, measuring quality provides information to help families make decisions about service quality, recognises good practice, and encourages providers and educators to reflect on, and continually improve, their practice.

All education and care services covered under the Education and Care Services National Law (National Law) are assessed and rated against the National Quality Standard (NQS). The NQS sets the benchmark for all children’s education and care services across Australia. Quality rating began in mid-2012 and over time all services will be assessed and rated.

The NQS was developed by the Expert Advisory Panel on Quality Early Childhood Education and Care in 2009. It is informed by Australian and international research and agreed best practice on how high-quality education and care contributes to positive outcomes for children. This includes economic and brain research as well as comparative research undertaken by the Office for Economic Co-operation and Development, which identified the critical aspects of quality for children’s education and care services.35 The NQS was also refined through consultation with governments, the sector, and through two national trials.

The NQS is made up of seven quality areas, comprising 18 standards and 58 elements. The quality areas cover educational program and practice, health and safety, physical environment, staffing, relationships with children, partnerships with families and communities, leadership and

2 - The value of the national Quality Assessment and Rating system

management. In line with contemporary thinking^36, the standards include structural components (such as facilities, resources, educator to child ratios and staff qualifications) and process components (such as relationships with children and families, service leadership and educator skills) to support positive outcomes for children and families.

Authorised officers from regulatory authorities in each state and territory visit services to assess and rate services against the NQS and related regulatory requirements. Services receive an overall quality rating, as well as a rating for each of the seven quality areas and 18 standards in the NQS. A report details the evidence that informed the rating along with suggestions for further improving the quality of the service. Providers must display their overall and quality area ratings at the service. They are also published on the Australian Children’s Education and Care Quality Authority (ACECQA) and MyChild websites.

In the 18 months to 31 December 2013, 4508 services were quality rated against the NQS, making up 32% of all approved education and care services.

Why have quality assessment and rating?

Indicator of national service quality

The introduction of the national quality rating system has ensured that, for the first time in Australia, there is the ability to collect consistent national data on the quality of education and care services. The quality rating data is being used to establish a national benchmark of existing quality in children’s education and care services, which can be used to measure quality improvements.

Quality rating provides comparable data indicating the quality of education and care being provided across service type, jurisdiction, geographic and socio-economic status in Australia. This information is available to ACECQA and governments through the National Quality Agenda Information Technology System (NQA ITS). ACECQA publishes quarterly ‘snapshot reports’ to provide an overview of quality rating data for services rated against the NQS. Peak organisations such as the Professional Support Coordinator Alliance also use this publicly available data to inform professional development programs for the sector.

Quality rating also provides policy makers with information about whether children who attend services have equitable access to high-quality education and care. The data can identify where resources are needed most to reduce risk, such as providing greater support to vulnerable children, and works towards a consistent quality of education and care for all Australian children. For example, governments are able to identify whether remoteness is impacting upon the quality of services or whether targeted funding is working to lift quality.

Measuring service quality is also an important mechanism to measure outcomes of governments’ investment in children’s education and care. Australian governments invest a significant amount in

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36 Ishimine, K; Tayler, C and Bennett, J (2010) Quality and Early Childhood Education and Care: A Policy Initiative for the 21st Century, International Journal of Child Care and Education Policy (note Collette Tayler is the Deputy Chair of the ACECQA Board)
2 - The value of the national Quality Assessment and Rating system

children’s education and care. In 2011-12, total recurrent expenditure for child care services was $4.9 billion, equivalent to 0.3 per cent of GDP in that year.\(^{37}\) This investment is to both obtain the societal benefits that high quality early childhood education and care provides through fostering and enhancing children’s developmental and learning outcomes and their future productivity; and to encourage workforce participation.

This national database can be used to establish facts, trends, and for data linkages and research to better understand the impact of the NQF. ACECQA is developing an evaluation framework for the NQF. Over time, research underpinning the evaluation framework will provide evidence as to whether the NQF is leading to better outcomes for children at a local, state and national level.

Information for families

Quality rating also helps improve public knowledge and access to information about the quality of children’s education and care services.\(^{38}\) Services are required to display their rating, and ratings are published on the ACECQA and MyChild websites.\(^{39}\) Ratings help to reduce the significant information asymmetries parents face relative to service providers. The ratings provide families, communities and professionals with robust information about a range of aspects of quality known to influence child outcomes. This includes information about the service that may not be obvious to parents.

Ratings allow families to differentiate between services quality when presented with a choice, noting that families may not always have a choice. Families who use education and care services have to take into account a range of practical considerations including availability, affordability, accessibility, flexibility and the individual child’s need. Research from the Australia Institute of Families noted that a significant proportion of families referred to the quality or reputation of the center as one of the main reasons for choosing a provider.\(^{40}\)

Quality rating information has the potential to increase parents’ engagement with their child’s learning and development. Research indicates that parental engagement is important to enhance healthy child development and learning.\(^{41}\) It also helps to encourage high-quality children’s learning at home and communication with children’s education and care staff.

...research has shown that parental engagement...is strongly associated with children’s later academic success, high school completion, socio-emotional development and adaptation in society. (OECD 2012)

ACECQA is required under the National Quality Agenda Implementation Plan\(^ {42}\) to report to education ministers on the proportion of families that indicate that they know their service’s rating and understand its meaning. ACECQA is currently conducting research to inform that report.

\(^{37}\) Report on government services, 2014, Volume B: Child care, education and training., table BA.1
\(^{38}\) S3 National Law, Objectives and guiding principles
\(^{39}\) S160 National Law
\(^{40}\) Baxter J. and Hand K., Australia Institute of Families, Research Report 24, 2013, Table 20
\(^{41}\) OECD (2012) Starting Stronger III: Early Childhood Education and Care
\(^{42}\) Multilateral Implementation Plan for the National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care
completed, that research will provide more evidence about the impact information provided by quality rating has for families.

Rating information can also promote broader societal awareness and understanding of quality as an important factor in children’s education and care. Wider community engagement between families and other children’s education and care services can create a network of resources and support, reducing stress and alienation. The NQS recognises the role of the broader community in the provision of quality children’s education and care.

Promoting continuous quality improvement of children’s education and care

Quality rating helps to promote compliance with regulatory standards and continuous improvement in the provision of quality education and care services by providing incentives and accountability for providers.\footnote{S3 Objective and guiding principles of the National Law}

Quality rating is an effective regulatory tool to measure quality against the NQS. The process of quality rating, in conjunction with standards for qualified educators and ratios, promotes quality improvement over time in services. This continuous improvement at a service level will raise the benchmark of quality for the entire sector over time, benefitting children, families and communities in both the long and short term.

Quality rating uses responsive regulation to promote continuous improvement by rewarding and recognising strengths. As services attain higher quality ratings they are rated less frequently. Over time, this also reduces the cost of administering the system. The quality rating process encourages providers to reach beyond minimum standards. Instead of providers aiming for a guaranteed minimum standard of quality, quality rating encourages providers to lift quality and achieve a higher rating. Best practice is recognised through the award of an Excellent rating.

Regulatory best practice suggests that providing incentives, such as through higher quality ratings, can be a more effective method of driving compliance and service quality than focussing on minimum enforceable standards.\footnote{Braithwaite et al., 2007} Further, incorporating elements of self-regulation, for example through each service’s development of their individual quality improvement plan, elicits confidence among the regulated community. Further research indicates that monitoring, including through quality rating, leads to improved staff practices and better curriculum implementation.\footnote{Literature Review on Monitoring Quality in Early Childhood Education and Care (ECEC) OECD 2013}

Quality rating measures the sector against the NQS underpinned by regulatory standards. The quality rating report summarises a service’s achievements in a meaningful way across the quality areas. All approved children’s education and care services are subject to quality rating against a single set of standards, which means it is an equitable and directly comparable process. Sector feedback indicates a sense of accomplishment, recognition and validation in receiving formal advice through the quality rating process.\footnote{Anecdotal evidence from sector consultation and forums such as the ACECQA NQF Conference in September 2013 indicates deep sector engagement and support for the goals of the NQF and quality assessment and rating of services.} Furthermore, there is evidence that providers whose services
2 - The value of the national Quality Assessment and Rating system

have been quality rated perceive a lower level of administrative burden and are among the groups most supportive of the NQF.47

There are market incentives for efficiency and cost reduction that compete with the goal to improve the quality of services. The outcomes focus of the NQF and quality rating can drive innovation for services over the medium term to increase quality while also being efficient and affordable. Research indicates that greater autonomy at the provider level can generate strong provider motivation to improve service delivery.48 There is anecdotal evidence that the Exceeding and Excellent ratings may influence demand for those services, as quality is more readily observable. A recent study found that 30 per cent of families cited quality or reputation of education and care as a reason for choosing their provider in the year before fulltime schooling.49

Integration of quality rating into other models of care
The Commission has asked for submissions to consider whether there are any specific models of care that should be considered for trial or implementation in Australia.

When considering alternative models of children’s education and care it is essential to consider how they will provide quality outcomes for children. High quality education and care supports the learning and development outcomes of children. This creates more educated and productive individuals resulting in future productivity gains benefiting society in the long term.

If the Commission recommends alternative funded models of children’s education and care, the NQF and quality rating process is sufficiently flexible to be adapted to extend to these other types of care. For example, it is currently used to assess and rate the quality of services offering education and care for children aged from birth through to school age, with tailored approved learning frameworks for different settings. It is also flexible enough to be used for both family day care and centre-based services.

Quality education and care has the potential to benefit all children and Australia’s future prosperity. While affordability and accessibility are also important considerations, the quality of children’s education and care is essential to provide the desired benefits. The role of government is to help ensure that all children have equal opportunities to attend quality education and care regardless of geographic location, family income, parental employment status, special educational needs or ethnic/language background.50

ACECQA’s role in quality rating
As the National Authority, ACECQA works to support regulatory authorities in the implementation of the quality rating process to ensure effective and consistent regulatory practice. ACECQA is currently working with states and territories to streamline the quality rating process.

48 World Bank 2003
2 - The value of the national Quality Assessment and Rating system

ACECQA also monitors and reports on:

- the proportion of education and care services with a current rating against the NQS.
- the proportion, location and characteristics of services at each level under the ratings framework.
- the proportion of services with waivers for the Staffing Arrangement or Physical Environment standards, including the number of those services by socio-economic or regional locations.
- the proportion of families who indicate that they know their service’s rating and understand its meaning.
- the proportion of services reporting a reduced regulatory burden under the new regulatory system.51

ACECQA recognises and promotes best practice through the award of the Excellent rating. The Excellent rating is only awarded by ACECQA. Providers with a service that has received an overall rating of Exceeding the NQS can apply for this rating. ACECQA works collaboratively with services receiving an Excellent rating to disseminate information about best practice to inspire and guide other services.

ACECQA also disseminates information to the sector (through newsletters, fact sheets, webpages and social media) to assist in developing a shared understanding of standards and requirements and promoting quality practice. Further, ACECQA also works collaboratively with peak organisations to inform the development of professional development programs to assist the sector.

The successful implementation of the quality rating system requires sustained effort and collaboration, adequate resourcing and support for providers and communities.

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51 Multilateral Implementation Plan for the National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care
3 - The efficiency of the National Quality Framework and how it might be improved

The National Quality Framework (NQF) is a national regulatory system that aims to improve the quality of children’s education and care and simplify regulatory requirements for services. There are opportunities to further improve efficiency without compromising outcomes for children. Australian Children’s Education and Care Quality Authority’s (ACECQA) research is providing an evidence base to benchmark administrative burden, leading to the streamlining of the NQF.

Core objectives of the National Quality Framework
The NQF came into effect across Australia in 2012 with the goal of improving quality in education and care services while streamlining a complex system of eight different state and territory licensing schemes and a national child care quality assurance system. Prior to the NQF, requirements such as checking the safety of the physical environment of a service were often duplicated in the licencing and accreditation processes. Regulation was inconsistent across states and territories, there were differing standards for services, and qualification requirements varied between jurisdictions. Further, there was a complex patchwork of licensing and minimum standards for different service types, depending on which jurisdiction the service operated in.

The NQF has brought increased focus on outcomes, and is generally less prescriptive than the regulatory models it has replaced. For example, rather than specify the height of a fence, the NQF requires that fences are designed to prevent children of preschool age or under leaving the service unattended. The NQF is concerned with how to best achieve positive outcomes for children, rather than enforcing specific and rigid requirements. Compared to former systems, the NQF regulatory design is more efficient as it gives providers the flexibility and opportunity to innovate to meet requirements in ways that work best in their particular service and community.

Is the National Quality Framework an efficient system?
The NQF sets a higher bar for Australian education and care services and reduces the complexity of the previous state and territory systems. One of the strengths of the NQF is its focus on quality education and care in all services and for all children. Increasing quality in all services, as opposed to targeting improvement in high need areas has greater benefits to children, communities and productivity. The quality rating system assures government that its children’s education and care services funding is being invested in quality services that meet minimum standards and provides information to assist parents in choosing quality services.

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Guiding principles of the NQF

- The rights and best interests of the child are paramount
- Children are successful, competent and capable learners
- The principles of equity, inclusion and diversity underlie this Law
- Australia’s Aboriginal and Torres Strait Islander cultures are valued
- The role of parents and families is respected and supported
- Best practice is expected in the provision of education and care services

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52 Education and Care Services National Regulations, Regulation 104
A single legislative system reduces the burden for all services that were previously required to meet a set of state or territory regulations as well as a separate set of requirements for quality assurance. It also reduces complexity for service providers operating services in multiple jurisdictions. Under the NQF, minimum enforceable standards and quality rating are a unified system, with efficiency benefits flowing to both providers and governments. It also offers consistency for the many families moving across jurisdictions.

Efficiencies gained from the new national system include:

- **Reduced administrative compliance costs.** In particular for providers operating across more than one state or territory, or with a range of service types. For example, a national provider approval under the NQF enables a business to operate services in any jurisdiction. Further, service approvals can be transferred between providers, rather than having to be surrendered and applied for afresh when a service changes hands.

- **Workforce mobility.** National recognition of qualifications supports a national labour market and encourages migration in areas where there are skills shortages, including early childhood teachers. In 2012–13, more than three-quarters (78%) of applications from individuals wanting their qualifications assessed for equivalence by ACECQA were from individuals with overseas qualifications.

- **Common objectives in sector.** The implementation of the first national learning frameworks support a more consistent approach to learning outcomes, practices and principles across service types and jurisdictions. Consistent terminology and approaches have the potential to build shared understandings and support transitions between services for children, educators and families. This also builds consistency in vocational and higher education programs for educators with the flexibility to tailor learning to different ages, abilities and needs. The NQF brings Outside School Hours Care (OSHC) into a unified system, ensuring that children attending OSHC have the same structures for safety, wellbeing and quality as children attending other modes of education and care.

- **Simplified interactions with sector.** Consistency in requirements from support agencies such as organisations providing professional development, training or recruitment services. For example, having one national requirement for first aid qualifications, allows training organisations to deliver one national course instead of tailoring a course to different state and territory requirements.

- **Driving innovation in sector.** National requirements create a larger market and hence, greater incentive for innovations that improve the quality and effectiveness of the sector. For example, the Professional Support Coordinator Alliance has developed innovative strategies for sharing resources, such as a national on-line resource library to provide comprehensive, practical information and support to assist in meeting the inclusion and professional development needs of education and care services.

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3 - The efficiency of the National Quality Framework and how it might be improved

- **National guidance.** ACECQA has worked with states, territories and the Australian Government to produce a wealth of resources to help guide services, educators, families and governments navigating the new system such as fact sheets, a range of guides, an Operational Policy Manual and newsletters for providers and families. In 2012-13, ACECQA’s customer service team received a total of 49,566 enquiries.  

- **National systems.** Providers can now use consistent forms that can be submitted electronically through an online national IT system (NQA ITS) making the process quicker and easier for both services and governments. Regulatory authorities also benefit from national systems including through the development of an e-learning portal for quality assessors that is allowing new training to be rolled out quickly, efficiently and consistently across Australia.

- **National collaboration and problem solving.** The NQF allows governments to work more efficiently and cohesively to improve children’s education and care. For example current national projects on streamlining quality assessment and rating processes are being, informed by national consultation with the sector, peak organisations and all governments.

ACECQA’s *Report on the NQF and Regulatory Burden* found evidence that children’s education and care providers, nominated supervisors and Family Day Care (FDC) educators are highly supportive of the NQF. For example, 78 per cent of providers surveyed in the report were either very supportive (42 per cent) or supportive (36 per cent) of the NQF. The report also showed that as services continue to be rated and there is increased familiarity and engagement, the sector’s support for the NQF grows.

Significantly, ACECQA’s regulatory burden research has found providers whose services have been quality rated are among the groups most supportive of the NQF. These providers perceive a much lower level of administrative burden than providers that have not been quality rated. This is an encouraging finding for the future of the NQF, and the manner of implementation by regulatory authorities.

In some areas, providers perceive more administrative (‘paperwork’) requirements. While requirements for educational programming and assessments have led to the biggest increase in required paperwork, providers considered that this increase in time and cost generated at least an equivalent increase in the quality of the service being delivered. Providers reported that these administrative costs are reducing as educators become more practised and efficient in their duties and have a better understanding of requirements.

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54 Above n 2.
56 Ibid. Part I pp 11.
57 Ibid.
58 Ibid.
59 Ibid.
60 Above n 4, Part I pp 12.
3 - The efficiency of the National Quality Framework and how it might be improved

Findings from the Report on the NQF and Regulatory Burden perception survey show that while most respondents (65%) did not perceive a change in burden between 2012 and 2013, the majority of those who did reported that their level of perceived burden declined over the period. This pattern represents a positive improvement from the previous year and indicates that much of the perceived burden during this time was due to the transition to the NQF. The findings suggest that a decrease in administrative burden, perceived and experienced, will be observed when the sector is surveyed again in 2014.

As services continue to be rated and there is increased familiarity and engagement, the sector’s support for the NQF grows. ACECQA’s research has found providers whose services have been quality rated are among the groups most supportive of the NQF.

At 31 December 2013, 4508 services were quality rated against the NQS, making up 32% of all approved education and care services. While the assessment and rating process takes time, regulatory authorities and authorised officers continue to make efficiency gains as their familiarity and confidence with the NQS and the rating process increases over time. In addition, there are currently national projects to streamline the quality assessment and rating processes. Overall, there are costs to governments and providers associated with the NQF, however these costs are leading to improvements in the quality of services. Providers are also subject to a range of operational cost impacts, such as utility prices, that are not attributable to the NQF or improving quality.

ACECQA is monitoring and reporting on administrative costs to providers through longitudinal research into regulatory burden. Strategies to streamline administrative costs while maintaining outcomes for children are being developed from the findings of this research, while bearing in mind that any significant changes to the NQF and quality rating could result in confusion and reform fatigue in the sector.

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61 Ibid.
62 Ibid.
63 Ibid.
3 - The efficiency of the National Quality Framework and how it might be improved

How could the National Quality Framework be improved?
Feedback from peak bodies and sector representatives through the ACECQA Forum shows that while providers are supportive of the NQF, there are some requirements and processes that could be streamlined. The Report on the NQF and Regulatory Burden also makes several recommendations for reducing the costs of the current system.65

ACECQA is working with governments to review the NQF and identify and address inefficiencies in the system while maintaining the key objectives, in particular, to improve outcomes for children. For example, in response to the recommendations of the Report on the NQF and Regulatory Burden, ACECQA is conducting a policy and statistical analysis of the National Quality Standard to identify whether the standard could be simplified to reduce the cost of assessment and rating for providers and governments. ACECQA will also review the paperwork obligations of providers to find ways to reduce the administrative costs of the NQF.

Administrative costs could also be reduced by improving communication and guidance for providers about how to meet the requirements of the NQF. While broad, outcomes focussed regulation gives providers the flexibility to meet regulations in the way that best suits their circumstances, ACECQA’s research has shown that providers sometimes find outcome based obligations difficult to interpret and operationalise. To improve the efficiency of the NQF, ACECQA will continue to work with governments to help providers understand the purpose of requirements and guide them in meeting requirements in the most effective way.

ACECQA’s collaboration with the sector and governments is also identifying and addressing unintended consequences of the NQF. This process occurs through working groups, sector consultation and periodic review processes. Some of these operational impediments were addressed through a round of regulation amendments in September 2013, with further amendments to be considered in 2014.

Discussions between states, territories and the Australian Government are being facilitated by ACECQA with the aim of streamlining the assessment and rating process. This will lead to measures to streamline processes so more services are rated, more quickly, and reduce paperwork for providers and governments administering the process.

65 Above n 4, Part II, p 6.
3 - The efficiency of the National Quality Framework and how it might be improved

The NQF model could be refined over time as the quality of the services being regulated improves. Based on the principle of earned autonomy, as services obtain higher quality they will require less monitoring and regulatory resources and undergo assessment and rating less frequently. Further, the system could potentially evolve to include greater self-regulation for highly rated and compliant services. ACECQA is working with governments to analyse all aspects of the NQF and address unintended consequences and inefficiencies as they arise. Any improved efficacy of the NQF must be based on a review of the available evidence and ensure developmental and educational outcomes for children are not compromised.

ACECQA’s role in promoting efficiency

ACECQA is responsible for monitoring and evaluating the efficient and consistent implementation of the NQF. ACECQA provides a central information point for the education and care sector, governments and families including through its enquiries line, ACECQA newsletter, website and social media and speaking engagements at sector events. In addition, a key component of building consistency is the delivery of comprehensive training and testing programs for authorised officers quality rating of services. ACECQA is also responsible for revising and streamlining the content and delivery of these programs and identifying additional training needs. ACECQA also manages the NQA ITS, which is a business management tool for regulatory authorities.

ACECQA’s key functions include publishing national guidance material such as the Guide to the National Quality Standard and Operational Policy Manual, auditing regulatory authority functions, conducting second tier reviews, awarding the excellent rating and assessing educator qualifications and training programs. These functions are carried out more efficiently and consistently by a national body and give ACECQA an overview of practices around Australia.

ACECQA facilitates national discussion and information sharing about the progress and effective administration of the NQF including by producing quarterly Snapshots on the state of the sector, and quality rating results. Liaising with regulatory authorities gives ACECQA a national perspective, which allows us to identify issues and broker national solutions.

ACECQA provides biannual national reports, conducts data analysis and original research, such as ACECQA’s longitudinal research on regulatory burden which has benchmarked regulatory burden in the sector. As such ACECQA is well placed to drive improvements to the NQF to ensure it is providing quality education and care services that support positive outcomes for children and their families.