



ATTACHMENT "B"



PROMOTE, INFORM, REPRESENT Children's Services

**CHILD CARE CENTRES
ASSOCIATION OF VICTORIA INC.**

SUBMISSION OF

CHILD CARE NEW SOUTH WALES

and

CHILD CARE CENTRES ASSOCIATION OF VICTORIA

To

**Discussion Paper
Council of Australian Governments
Productivity Agenda Working Group – Education, Skills, Training
and Early Childhood Development**

**A National Quality Framework for Early Childhood
Education and Care**

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Executive Summary

1. *Social and economic payoffs* --The development of a National Quality Framework is a rare opportunity to secure social and economic improvements by making early learning and care services more accessible to more families.
2. *Smart regulatory frameworks need smart decision-making* -- A key driver to improved service-quality is not more regulation, but better-quality regulation. National regulation will be good-quality only if based on good regulation decision-making. The NQF must comply with either the Australian Government's 'Best-Practice Regulation' requirements, or the equivalent COAG requirements.
3. *Process uncertainty* -- It is not clear how the project proposes to follow those decision-making requirements. The resulting uncertainty makes it difficult to respond properly to many of the questions.
4. *Aiming at the right targets* -- Proper impact-analysis must be used to help define the targets. 'Locking in' such targets first, and then doing analysis, will not work. Getting this right for children and families is too important to regulate first and ask questions later.
5. *Service-quality - start in the right place* -- New quality standards must address the right problem. Centre service-quality is not in crisis. Evidence demonstrates centre-quality is generally good. The objective should be to 'improve' that quality, not 'fix' it.
6. *Reduce duplication by increasing coordination* -- quality-improvement is held back by poorly-designed and poorly-administered regulation. Work started last year – to address too much paperwork, too much complexity, and too much overlap – needs to continue. But be careful not to throw the 'QIAS baby' out with the bathwater.
7. *Who pays?, and Why?* -- Even good service-quality can be improved. But cost and other impacts need to be assessed against the reasons for seeking improvement. Taxpayers might accept cost increases if quality was inadequate, but not if quality is good. There may be good social and economic payoffs for raising standards and for expanding access, but taxpayers (and Treasury and Finance departments) should understand those payoffs *before* being asked to pay for them.
8. *Look at the whole canvas, not at factors in isolation* --The drivers of quality need to be understood as a whole. The drivers are not staffing ratios or qualifications – at least not when viewed in isolation. The desire to lift quality should begin by understanding how centres connect parents to child development, based on the belief that the best early child development happens when the best parenting happens, and then find ways to nurture that relationship, with support from managers who understand and respect the role of both competent government and competitive markets.
9. *Family and child first, and with reasons* -- Development of the NQF needs to follow the advice of the 2006 Ministerial Council project which reviewed the approach to setting national standards for assuring the quality of care in Australian child care services:

- a. Any national system must articulate a vision of what is best for children. The articulation of such a vision is a precondition to winning community support for the higher levels of spending needed to support higher levels of cost,
- b. Higher quality means higher cost which means greater government investment will be needed.

10. A solution for moving forward

Regard this stage of the project as the first of a four step process as suggested in the 2006 Review:

1. see this part of the exercise as an attempt to get agreement on 'theory' and 'drivers',
2. aim to agree 'targets' for investigation as future standards,
3. then obtain the best financial and economic data and use that to underpin a proper cost/benefit analysis, to identify the best options.
4. recognise up-front that greater overall government investment will be needed to achieve higher quality outcomes.

Child Care New South Wales and Child Care Centres Association Victoria are pleased to offer our joint response to the Productivity Agenda Working Group discussion paper.

Together, NSW and Victoria represent the interests of approximately 2000 private centres. These centres:

- supply approximately 54% of all Australian long day care places,
- employ approximately 57% of all long day care staff.¹

Introduction

Our Associations are pleased that the development of a National Quality Framework is likely to increase the understanding of the social and economic importance of early learning and care services.

We welcome the (long-awaited) acknowledgement that Australia's regulation and funding systems should give greater importance to the child's development needs, and to why all Australian families should access those opportunities.

Childcare centres, as good as they are, face many challenges. Perhaps the biggest is that most Australians see centres as a service needed by working-parents, rather than as specialists in early child-development and parenting-support.

These difficulties will be overcome only when most Australians understand that it has *always* been core business to help parents develop the competency and coping skills their children need in learning, behaviour, and health, as well as helping working parents enjoy the benefits of a paid career and a well-functioning family.

The focus for centres has *always* been the child, but the sector has struggled to have that fact understood. Even when we explain that centres are part of Australia's education, health, social-justice, and parenting-support systems, many Australians struggle to accept that reality. For many, centres are 'child-parking' that parents need. For many, our play-based, parenting-connected teaching and learning methods are not real learning, and our wonderfully successful teaching and child-learning staff are not real teachers.

Centres succeed at teaching and early child-learning partly because our play-based methods are hidden inside the voluntary, trust-based, mutually-reinforcing relationship between staff and parents, a relationship centred on a common interest – the well-being and development of the child.

¹ *Report on Government Services 2008*, Productivity Commission, Canberra, Tables 3A.8, and 3A.12.

That strength is possibly a weakness. That lack of visibility may explain why so few Australians yet understand the full early-learning and parenting-support potential of centres.

The New South Wales and Victorian Associations acknowledge that the new Australian Government appears to have a good understanding of the early learning and parenting-support role of centres, and a good understanding of the strategic significance of those early learning and parenting-support services.

It is partly because of that recognition that Australia has a once-in-a-generation opportunity to unlock the full potential of centres to help achieve social and economic improvements. Making more use of Australia's already high-quality early-learning and care services is a sustainable, non-inflationary, job-creating way to boost short-term and long-term productivity, and to boost short-term and long-term workforce participation.

We are concerned, however, that much of the opportunity will be missed and that the 2008 Standards will largely sit on the shelf, much like the 1993 attempt, and for the same reasons – a failure of sound regulation decision-making process.

Creating, or changing, regulation cannot be left to chance, or good intentions.

A National Quality Framework for early education and care services is too important to be allowed to fall into the trap of 'regulating first and asking questions later'.

Structure of Submission

We address the questions in the order they appear in the Submission Form.

It has been difficult to respond properly because of the uncertainties which arise from the process.

Are the standards are to be in state regulation?, (which is the regulatory mechanism for structural, quantitative aspects of service-quality), or in Commonwealth regulation? (which is supposed to be the mechanism for measuring what are described as the process, or qualitative elements of service-quality).

Will the Framework even have regulatory status? If so, when and how will it be achieved?, particularly for the 'quality standards'.

Details of our concerns about the process are in Attachment A.

Our understanding about why good regulation-making process is fundamental to good childcare-quality outcomes is explained in Attachment B, which also outlines the required Commonwealth or COAG decision-making process.

NQF 1 – strong quality standards

1.1– What do you consider to be the key drivers of quality that should be included in the standards?

Key Drivers – First – understand the parenting dimension

CC NSW and CCCAV believe the discussion about what constitutes 'key drivers' is largely settled.

The 'key driver' is the nature of the relationship: between adult and child; between all staff and all children; and between centre-staff and individual parents.

If the key driver is 'right relationships', the question becomes – 'what is the best way to build 'right relationships'?

The research may not yet be able to fully explain how best to replicate successful relationships, but caring, committed, experienced, and successful childcare centre practitioners know a thing or two about it.

The best child-development happens when the best parenting happens.

The conversation about quality drivers should begin, not with structural aspects that are associated with 'right relationships', but with what matters most.

Knowing that 'good parenting' and 'right relationships' are the 'answers' invites the further questions, - 'how should governments use tools at their disposal to make parenting better?, and make early child-development better?

Law can't be the complete answer. Lawmakers seeking to improve quality should think first about how to help centres help parents with parenting, and then, how regulation can best be used to support that objective.

Let's look at what is known.

Australia can be proud of the way its regulatory and parent-funding frameworks already enable centres to help parents with parenting: - by connecting child and parent, by connecting parent to child development, and by connecting parent-subsidies to quality-improvement.

Using play-based, parenting-connected teaching and learning methods – centres are good at helping parents build the competency and coping skills their child needs – in learning, in behaviour, and in health.

Using those proven techniques, centres help parents with good skills get even better.

Centres also help to change the knowledge and behaviour of parents with lower-level parenting skills.

Centres succeed at parenting-development because centres are, first, good at child-development, and, second, good at connecting parents to that child development, in loving, nurturing ways.

That proven success reflects *how* centres deliver parenting support. Centres do so in ways which nurture and enhance their relationship with parents. Help is delivered in non-stigmatizing, loving, play-based ways. When done well, parents are not even conscious that it has happened. The trick is to change *behaviour*. Changing behaviour is not best done by offering glossy brochures about parenting. Parents likely to respond to *information* about parenting, are typically not the ones with the lack of skills.

What then is the best way for governments to improve their help to centres?

NSW and Vic Associations believe the most important immediate step is to help the sector educate the general population to see, first, why centres are 'parenting-partners, not parent-substitutes, and, second, to see why the main reason for buying centre-based services is because of the child-development, not the workforce-participation support.

Second key driver – parents as well-informed, voluntarily customers

Arguably the best judges of centre-quality are parent-customers.

The Australian Government already supplies good-quality information to parents. Governments could help parents by providing even more of *the correct type* of information.

Australian parents are already well-informed and able to assess their, and their child's needs, and then choose from amongst suppliers operating in a well-functioning, highly regulated, competitive marketplace.

Competitiveness could arguably be improved by providing more and better information, especially about child-development benefits, parenting benefits, and why all children should be getting access.

This is of strategic importance. Moves to enhance the National Quality Framework will succeed only when Australians value childcare centres, and our teaching staff, and our learning methods, on the correct basis. Proposals to increase the costs of centres will be sustainable only if supported by Australian families. That support for increased government spending will only happen when ordinary Australians understand that

centres provide early-learning that *all* children can benefit from, not just the children of working parents, and not just in the year before school.

Well-informed parents can be a key driver of quality only if they can afford the entry-price.

Increasing the cost of early learning and care services must be supported by governments helping parents afford those increases. If costs are forced up through higher regulatory standards, but parents are not given further help, the net result will be that many parents and children will be forced out of existing good-quality centres into much lesser-quality but cheaper options. The net result would be an overall *reduction* in safety and quality.

To summarise our comments on the parenting dimension, we say that any attempt to identify key drivers of quality must pay proper attention to:

- the role of parents,
- the need for parents to be able to *voluntarily* choose – from among many services operating in a well-functioning, competitive market -- which service-provider best suits their child-development needs, as well as their parent-support needs,
- the need to ensure that parents are able to make that judgment every time they visit the centre, and able to back that judgment by voting with their feet,
- real parental choice implies:
 - adequate information about what centre quality looks like, why it matters for early learning and child-development, what it costs, and where to get it,
 - genuine affordability – it is pointless having ‘gold-plated’ standards if many parents cannot afford the entry price, and are thus denied access.

Structural elements are relevant, but not key drivers

Research demonstrates that staffing ratios, staff training, and group sizes are not, in themselves, “drivers of quality”.

Each of those three factors is *associated with* the key driver of service-quality.

More staff rather than less, more training and experience rather than less, and smaller rather than larger group sizes are all associated with the type of interaction between staff and child that produces good-quality child-development outcomes.

But, the 'driver' is that interaction, that relationship, not the associated elements.

The research establishes that there is an association between more staff and the relationship between child and staff.

The research, however, does not say that, for example, a staffing ratio of 1:3 for under-twos is what Australia should necessarily apply.

Neither does the research say that a ratio of 1:5 for under-twos is necessarily associated with poor-quality outcomes.

Our members are proud of the existing levels of quality, but that does not mean they have stopped trying to find ways to improve their service quality.

Let's go back to basics and ask the question – what is quality?

The term "quality" has many interpretations; there are as many definitions as there are stakeholders.

Recent work in the United Kingdom suggests that "...quality is a value-laden, subjective and dynamic concept which varies with time, perspective and place..."²

Child:staff ratios – the research

In 2002, the University of London's Institute of Education released its Research Report - "*Research on Ratios, Group Size and Staff Qualifications and Training in Early Years and Childcare Settings*". This research was commissioned by the Department for Education and Skills and is based on a literature review of international research on the relationship between ratios, staff qualifications and training, group size and the quality of provision.

The Executive Summary, at 8.2, says:

"Research supports the view that staff:child ratios influence the quality of care.... However, the influence of staff:child ratios cannot be considered independently of other factors including staff education and training, staff salaries and group size. Because of these complex interactions, *it is impossible to draw precise conclusions from the research concerning optimum staff:child ratios.*" (our emphasis)

The Report, at 2.6.1, concludes:

² Pascal, C. & Bertram, T 2000, *Effective Early Learning: Case Studies in Improvement*, London, Hodder & Stoughton Educational.

"...there can be no general formula for calculating ideal ratios, a universal best-practice. There can only be particular choices situated within particular contexts".

"Evidence concerning relationships between adults/child ratios in the quality of children's experiences can inform choices, but cannot provide a formula for best-practice. Policy-makers, politicians and practitioners ultimately have to make these choices themselves. In the words of Carlina Rinaldi, director of pre-school services in Reggio Emilia: 'behind every solution and organisation is a choice, a choice of values and ethics, a social and political choice and a responsibility for that choice'".

We agree that staffing numbers matter. But the research cannot and does not identify ideal ratios.

As the University of London Report recognises at 1.1.3, staff ratios do matter but:

"ideal ratios depend on many factors, including: the objectives of the service; the needs of the children; job descriptions of the staff and their working conditions... [and] staff:child ratios are only one of a variety of staffing issues that need to be taken into account in deciding what is necessary to achieve a certain level of performance".

The UK Report considers the factors to consider when examining legislation on adult:child ratios, at 5.5.1:

"Research evidence does suggest that varying adult/child ratios may have a direct impact on the quality of childcare and education provided in pre-school settings. However the relationship between ratios and quality is complex. The influence of adult-child ratios is linked with many other predictors of good quality childcare".

"The physical layout of the premises, room size and room organisation may all play a part in influencing possible effects on group size and ratios on quality. Adult-child ratios that are appropriate in one situation may be impractical in another".

"Although regulation of staffing ratios is essential, regulation needs to be flexible enough to recognise that there is a great variability in provision of early years education and care".

Most discussions about staff:child ratios refer to recommendations of the National Association for the Education of Young Children in the United States.

Those NAEYC recommendations need to be read with the criteria devised by the National Academy of Early Childhood Programs for determining adequate numbers of staff in early childhood programs.

In essence, those criteria say that sufficient staff with primary responsibility for children are to be available to provide frequent personal contact; meaningful learning activities; supervision; and to offer immediate care as needed. The ratio of staff to children will vary depending on the age of the children, the type of program activity, the inclusion of children with special needs, the time of day, and other factors. Staffing patterns should provide for adequate adult supervision of children at all times.

The NAEYC recommendations also make it clear that, although smaller group sizes and lower staff-child ratios have been found to be predictors of compliance with indicators of quality (such as positive interactions among staff and children and developmentally appropriate curriculum), nevertheless variations in group sizes and ratios are acceptable in many cases where the program demonstrates a very high level of compliance with criteria for interactions, curriculum, staff qualifications, health and safety, and physical environment.

Australian centres typically have higher levels of interaction, better regard to curriculum frameworks, higher staff qualifications, and generally better physical environment and equipment than is typically the case in the United States. When one applies the relevant US research fairly, it's reasonable to conclude that Australia meets or exceeds such requirements.

These NAEYC formulations, when understood in full, encourage regulation makers to regard arithmetic formulations as no more than broad recommendations, to be applied in the light of many other quality indicators.

There is recent Australian evidence to back this up. The UK and US statements were confirmed by the project commissioned by the Children's Services Sub-Committee of the Community Services Ministers Advisory Council. The final report, "*A review of the approach to setting national standards and assuring the quality of care in Australian childcare services*", March 2006, advised as follows:

"Bennett (2004) conceptualised the quality aspects of ECEC in three broad areas. The ways in which governments attend to orientation, structural, and process areas of quality are seen to have overlapping and cumulative impacts on the outcomes for stakeholder groups (children, families, staff, service providers, government agents, community members).

"In all contexts quality is a dynamic and continuous process. Therefore comparisons of standards and quality evidence need to be made with the clear understanding that there is no final, objective statement of quality pertaining to ECEC at large. Defining quality in any system is a continuous process involving

regular review (European Commission Network, 1996.) International evidence must be considered in light of culture, demography, economy and politics. (see page 55)

“(Group size and staff:child ratios)...are two of the three ‘core’ structural quality elements – the ‘iron triangle’ being staff qualifications and training, staff:child ratios, and group size ... “This is because they are associated with positive sensitive staff:child interactions, which in turn are associated with positive child outcomes. Many systems set these elements to ensure minimum standards. In general, systems with more demanding licensing standards in this area have been found to have fewer poor quality services. (p 58)

“The definition of high quality is equivocal in the literature, but overwhelmingly, high-quality programmes include well-trained staff who are responsive to children, parents and colleagues, and child: staff ratios that enable close relationships and responsiveness. Staff-child-parent relationships include sensitive interactions, nuanced according to the age of the child. The culture and language of the family is respected in the relationship and parents are major partners in the children’s care, development and learning. Relationships, interest and involvement characterise the program and there is a curriculum well-suited to the children”. (p 84)

CC NSW and CCCAV accept the broad associations demonstrated by the research. But we do not accept any claim that says research demonstrates that current staff:child ratios are inadequate, and therefore need to be changed to ensure adequate levels of quality.

The adequacy of current ratios should not stop the search for ways to increase service-quality, commensurate with maintaining accessibility and affordability.

But theoretically desirable increases in staffing can not be allowed to happen at the expense of the children and parents likely to be excluded on the basis of cost or availability of places. The challenge for all of us concerned about improving the well-being of children and families is to find a sustainable balance between affordability and accessibility, while continuing to look for quality-improvement.

Finding that optimal balance is exactly why proper regulatory decision-making process is necessarily required: - to understand what we are trying to fix, and to understand the best option for moving forward.

Group size and staff training and qualifications

The University of London Report concluded – see Executive Summary 7.2:

"Research evidence is consistent with the view that group size and staff training and qualifications are two of several factors, including adult:child ratios, that have some small but significant impact on the quality of interactions between staff and children. Because several factors are implicated in the quality of adult child interactions in care settings, it is difficult for research to identify the unique influence of either group size or staff qualifications and training."

"...evidence suggests that group size, and staff qualifications and training, can have a positive influences on developmental outcomes for children." "However, evidence for the impact of the same two factors on more global measures of service quality is more equivocal. The education and training of centre managers has a greater influence on global quality."

As the Working Group will be aware, Victoria is also conducting a Children's Services Regulation Review. Their Discussion Paper, at 8.3.3, while accepting that interactions with too many children and adults can be distracting and confusing for young children, nevertheless points out that "directly imposing group sizes raises significant challenges, as it would bar the movement of children between spaces and reduce the capacity for children to participate in groups that reflect their developmental stage (as opposed to their physical age)".

The Victorian Discussion Paper also notes:

"While movement between spaces and groups may not be needed for very young children, for children that are mobile and more developmentally advanced, direct imposition of group sizes raises significant challenges. These include lack of flexibility for meeting the needs of children, for example, hampering:

- excursions and incursions that group children
- services with a wide variety of spaces from using the facilities available to them (especially relevant for more established long day care centres)
- opportunity for children to move to a new-age grouping before their birthday
- interaction between children of varied ages through group or family play (especially for centre-based services at the beginning and end of the day)
- child movement around children's services offering many service types.

Like changes to staff-child ratios, there are possible impacts on:

- The availability of places (for example, less children may fit in existing rooms reducing places and increasing fees)
- The costs to the sector of reorganising physical space, given current space configurations within currently licenced services.

An alternative to regulating group size is encouraging an operational response through advisory services and/or accreditation."

Our two Associations believe the Victorian comments apply with equal force in Australia generally.

In particular it is vitally important for regulations not to focus on chronological age; practitioners know that developmental age is more relevant. This is an example where professional judgment should be respected, and where prescriptive regulation cannot address the issue.

Staff/child ratios and requirements for qualified staff already, to some extent, determine group size. Purpose-built services are designed to accommodate groups of children, determined in relation to staffing ratios and play-space requirements. Changing ratios and group size inevitably impacts on parent costs and eventually on viability for some services.

On the matter of what, if any, qualification-level staff in qualified positions should hold and why, we agree with the observations at page 49 of the Victorian Discussion Paper. There is no nationally shared understanding of appropriate credentials, for the development, education and care of children below school age or about the content or focus on courses for preparing early childhood practitioners.

This makes setting the appropriate qualifications, the levels of those qualifications and child/staff ratios a complex task, one which necessarily requires sound regulation decision-making – especially, proper impact analysis.

In terms of the research, the current definitions of a qualified staff member and the number of staff required to hold qualifications support the delivery of proper-quality children's service. Our view is supported by the evidence from the Commonwealth QIAS system. Requiring different levels of qualification, or requiring all staff to be credentialed, is a well-intentioned idea but has the potential to do more harm than good. Those sort of counterproductive outcomes can be avoided only through proper decision-making process.

The Victorian Discussion Paper, at page 50, noted that high-level qualifications could potentially reduce other regulatory requirements. That sort of flexibility is exactly what leading research suggests should be done. We would be very interested to explore that matter further as you shape the regulatory impact statements.

The research on staffing ratios or qualifications does not mean that Australia should stop looking for ways to improve the factors associated with service-quality improvement.

But that discussion should start in the right place and deal with the real world where there is a need to balance the never-ending search for higher quality against higher cost for parents.

Neither should the possibility of higher costs necessarily prevent regulatory change. Higher costs and higher prices are inherent in the system.

The quest is not to stop cost increases, the quest should be to keep cost and quality and access in fair balance.

CC NSW and CCCAV will not stand by and watch as well-intentioned people risk implementing regulatory change that does potentially more harm than good to the children and families we are all trying to help. We know from ongoing regulatory inquiries in other jurisdictions that the introduction of higher staffing ratios, particularly for under-twos, if not supported by accompanying government strategies to ameliorate the damage, is very likely to exclude children and families from well-regulated centres and basically force them to use higher risk but cheaper alternatives.

Identifying how to manage such impacts has recently been considered in Western Australia and is being investigated in New South Wales. Over the last few years, three separate lots of NSW evidence have demonstrated a significant increase in costs and a significant reduction in places for under twos, especially in smaller centres that were purpose-built to meet former regulatory requirements.

Developing new regulatory standards cannot be done safely without first understanding how the changes will impact on current supply, and what additional supports will be needed to ensure that changes don't do more harm than good.

Existing service-quality levels are not the problem

This consideration of changing quality-standards should start in the right place.

The consideration of quality standards is not happening against a background of existing poor quality.

Quite the reverse. Service-quality in Australian long day care centres is generally good.

Let's look at some of the evidence.

Recent Australian evidence to support the claim of, at least, adequate quality in Australian centres is "*Growing up in Australia: the Longitudinal Study of Australian Children is now walking and talking*"³.

This project will be well-known to the Working Group. We simply include relevant quotes:

"With the release of data from the second wave of *Growing up in Australia: The Longitudinal Study of Australian Children (LSAC)*, Australia now has national longitudinal data on children's development."

³ *Australian Institute of Family Studies, Family Matters, 2008, No. 79, p.5*

“The LSAC study aims to shed light on the development of the current generation of Australian children, and to investigate the contribution of the children’s social, economic and cultural environments to their adjustment and well-being. More specifically, it seeks to improve understanding of the complex interplay of factors that foster or impede healthy early childhood development, to identify opportunities for early intervention and prevention in policy areas concerning children, and to inform the policy debate in general.

“The study seeks to understand the risk and protective processes underlying children’s development, looking at the interaction between children’s attributes...and the contexts in which they are raised, particularly their family, childcare, school, neighbourhood and community experiences. The study also examines dynamics within the settings; for example, the parenting practices ... and the quality of care received in differing types of non-parental care.”

The Wave 2 data from the LSAC birth cohort were particularly considered in the paper, *“Does childcare quality matter?- Associations between socio-emotional development and non-parental child care in a representative sample of Australian children”*⁴.

“The focus of the present paper was to examine the impact of child care quantity and quality on children’s socio-emotional development and well-being. It has been argued that Australia’s Quality Improvement and Accreditation System (QIAS) of quality assurance and State/Territory regulations contribute to higher standards of quality in formal childcare services than are typically reported for US and UK settings. Furthermore, it has been posited that such standards may ameliorate the negative effects of quantity of care that have been reported in overseas research. *The results presented in this paper provide the first evidence from a large nationally representative sample to support the expectation that attendance at child care in Australia may impact differently on children’s socio--emotional development than has been reported in US and UK studies.*” (p.22) (our emphasis)

Generally high levels of quality are also confirmed by The Commonwealth’s own QIAS.

We presume this Working Group will be familiar with the statistics provided on the NCAC web site, demonstrating the high level of compliance.

Not surprisingly, the effects of the QIAS have been analysed in Australian research.

In her analysis of Wave 2 LSAC data, Linda Harrison notes:

⁴ *Australian Institute of Family Studies*, Harrison L.J., Family Matters, 2008 number 79, p 15

“By tying standards of care to the eligibility of parents to receive subsidies to meet the cost of care, Australia has achieved a very high level of QIAS compliance”.

“Hence it has been argued that the QIAS, in conjunction with state/territory regulatory requirements for staff qualifications and staff-to-child ratios that exceed many US state requirements, has contributed to a childcare system in Australia that “achieves a uniformly higher level of quality than is found in the United States” (Love et al, 2003, p.1023; see also Wangmann, 1995).” (page 15)

This Australian Institute of Family Studies research confirms earlier Australian findings.

For instance, Elliott argues that:

“Australia is renowned for having the best early childhood provision in the world – from the architectural style of our centres, to the quality of our staffing and our government policies and funding”. She also acknowledges that Australian early childhood services are part of an “educational and community provision, rather than a welfare service”.⁵

The third evidential support-base for general high quality are the reports of regulatory bodies themselves. We will assume that the working group will be familiar with such reports.

Even independently conducted staff surveys confirm generally high levels of service-quality. See, for example, the April 2006 discussion paper, “*Child Care Quality in Australia*”⁶.

The Discussion Paper Summary provides as follows:

“In recent times, many anecdotes about poor quality care have been reported in the media. For this study, we undertook a national survey of long day care centre staff in order to ascertain to what degree such anecdotes reflect the quality of care Australia-wide. A detailed questionnaire was sent to a stratified random sample of childcare centres across Australia. We received 578 valid responses...

“The survey included a range of questions about key aspects of quality care: time available for staff to develop individual relationships with children; whether the centre’s program accommodates children’s individual needs and interests;

⁵ Elliott, A 2001, *Provoking challenging and deconstructing perspectives in early childhood*, Every Child, vol. 7 (3), Winter. p. 3.

⁶ *The Australia Institute* – Emma Rush, ‘Child Care Quality in Australia’, Discussion Paper Number 84, April 2006.

the quality of the equipment provided for children; the quality and quantity of food provided; the staff turnover at the centre; and the staff-to-child ratios at the centre."

"The survey confirmed that, in view of childcare staff, the quality of care provided around Australia is generally quite high." (our emphasis)

The Discussion Paper went on to argue that there are quality concerns attributable to staffing ratios and other factors. Nevertheless, the fact remains that staff believed that care quality is generally quite high. That particular finding has of course not received much media attention.

Another good indicator of generally high levels of service quality is the fact that staff-to-child ratios in Australia are already relatively high, compared with Europe, New Zealand, Canada and the United States.

The evidence is clear - service-quality in Australian centres is generally good.

That generally good level of service quality does *not* mean that Australia should stop looking for improvements. But we should not embark on that quality-improvement quest for the wrong reasons, or try to fix something which is not the problem.

Despite the attempts of certain people with ulterior motives to create a sense of crisis, the real issue for centres is *not* service-quality – it is affordability and accessibility.

It is important to think about ways to improve quality. But a challenge for Australia is not to 'beat up' on the imperfections in our LDC systems. We suspect that those who focus their attention on these weaknesses really have a separate agenda. The people trying to create the impression of a crisis are concerned that the bulk of service-delivery is provided through the private sector.

As we see it, the claims of many who talk about wanting to make changes to quality are really more interested in making changes to market-share.

It is time to get beyond sterile arguments about who the provider should be. The challenge is for Australia to:

1. recognise and rejoice in the current blend of government and private-sector strengths of our LDC systems. A key to improved quality is not more regulation, but better-quality regulation – based on known decision-making principles, and managed by people who understand and respect both the role of competent government and the role of competitive markets.

2. find ways to get more Australians to understand that childcare centres are mostly about child-development, and about connecting parenting to that development,
3. find ways to get more children more access, especially those children who would benefit the most,
4. address workforce issues, including finding ways to get more students to value the nature of teaching and learning that happens in a 0-5, play-based, – parenting connected, early learning setting.

NQF 1.2 How should the increased focus on early childhood education and care and outcomes for children be reflected in the new standards?

Existing standards *already* focus on early childhood education and care, and on outcomes for children. The issue is not changing the standards; the issue is to make sure that more Australians understand what the standards have *always* been trying to achieve.

Perhaps new standards need to spell out those long-standing early child development and care objectives.

NQF 1.3 – Given that preschool can be delivered across a range of settings, what is the best way of monitoring and reporting on preschool delivery for four-year-olds (that is, in the year before formal school)?

The system should keep doing what it is doing for pre-school programs delivered in childcare centres, but improve the support for that existing system through improved coordination between governments, and improved content and administration of regulation.

The monitoring and reporting of long day preschool programs is fundamentally sound in LDC early learning and care settings.

A big challenge will be to make sure that preschools and kindergartens not currently required to comply with the high standards required of regulated, accredited childcare centres are made to comply with those higher standards.

NQF 1 Quality Standards– Coverage

What are the considerations in applying an integrated set of standards across all service types, including family day care, outside school hours care, indigenous services, etc?

A key design principle should be that, if a particular characteristic is a risk in a childcare centre setting, then it is a risk in any other setting.

For example, if it is fundamental risk-management to have two staff on board as soon as just one child arrives in a centre, then that must be a matter of fundamental risk-management in all other settings as well. Looking at it the other way around, if having at least two staff present at all times is not a risk in other settings, then why is it a risk in a centre-based setting, particularly given the 'open-door' policies that exist in centre-based practices, and given that our physical environment and equipment is specifically designed for children in an early learning and care setting.

If, for whatever reason, it is not possible to achieve the same level of risk-management practice in other settings, then so be it.

However, non centre-based services should not then be able to mislead parents by claiming to meet the same high-level standards that apply in centre-based settings.

The same general comment can be applied to the nature of the early child development and early learning programs delivered in 'long day preschools'.

Regulated and accredited centres have *always* integrated pre-school programs with care. Anyone who claims otherwise either does not know the existing system, or has a hidden agenda.

It is true that more Australian children should get access to preschool programs.

It is absurd, though, for governments to be spending hundreds of millions of dollars building needless preschools and kindergartens instead of making use of the existing physical infrastructure.

The unfortunate fact is that a lot of people in Australia do not want to make better use of the existing infrastructure because a lot of it is privately operated.

New South Wales encourages parents to use childcare settings for preschool programs.

Queensland is just the reverse. Presumably based on ideological opposition to private-delivery, the current Queensland government is pretending that it makes sense to spend \$300 million building new kindergartens rather than making use of existing infrastructure.

The Queensland move is contrary to National Competition Policy agreements, and likely to give rise to Competitive Neutrality complaints as well.

Would a core set of standards supplemented by service-specific standards overcome these barriers?

In theory, a modular approach setting out a common core set of principles, supplemented by specific modules for each service type may be worth thinking about.

We can understand why a government, particularly a national government, would like a one-size-fits-all solution. What our formal education systems have demonstrated, however, is that a comprehensive system is good on equity grounds but does not meet the individual needs of individual children, families and communities.

The best solution here may be to rely on well-informed customers.

What parents need to know is what sort of early child-development and parenting-support services are on offer, why high-quality matters, what it costs, and where to get it.

It is pointless to pretend that all childcare services offer the same services.

How could the standards take account of the age of children?

Existing regulations, the existing QIAS, and a proposed National Curriculum Framework – do take account of the age of children.

That said, even existing regulatory frameworks fail to give adequate weight to the difference between a child's chronological age and that child's developmental age.

It is difficult to see how we could possibly have the same national standards for different service types, in different locations.

This important question needs much more work. Our Associations would be pleased to contribute to designing the mechanisms for exploring this question.

NQF quality standards – impacts

What are the potential impacts of the introduction of a new set of quality standards on early childhood education and care services?

The first thing to say is that, depending on the content of the standards, the impact is likely to be significant in respect of both cost and price, and in respect of the number of places made available, especially for children aged under two if the staffing ratios for that age-group were changed.

For the reasons explained in Appendix B, the design of the standards must follow the analysis of the likely potential impacts. Not to do so would be to regulate first and ask questions later.

What are the particular issues with changes to the 'iron triangle' structural indicators of quality?

As we have explained above, these three features are not in and of themselves "structural indicators of quality". They are structural indicators that are associated with the key indicator of quality – namely, the interaction between staff and child, staff and parent, and, staff and staff.

Transitions to a new system

What transition arrangements do you consider appropriate for implementing the proposed changes?

It is not possible to respond until the proposed changes are identified.

It is not possible to identify sensible proposals before understanding possible impacts.

To do so would be to regulate first and ask questions later.

Similarly, transition arrangements cannot sensibly be speculated upon before doing the required impact analysis required by proper regulation decision-making.

What is known from experience is that the two key variables needed to support transition come down to:

- Money, and,
- Time.

Putting it bluntly, the successful transition to higher quality will need significant government support with both of those variables.

We offer the following predictions about likely impacts:

Workforce

- In the absence of proper support and transition strategies, many jobs will be lost.
- Existing labour shortages will be exacerbated, particularly for diploma-trained teaching staff (in NSW) and university-trained teachers (in both NSW and Victoria).
- An unbalanced focus on four-year university trained teachers will result in the loss of good-quality Diploma, Certificate III and so-called untrained staff. This is likely to be more severe in NSW than in Victoria.

- Changes to staffing and other standards should not be implemented until the extra staff are available *to the whole sector*. The private sector remains concerned that proposed changes not be implemented in a way that creates competitive imbalances. Some people are hoping that changes are made in a way that creates such competitive imbalances. These people seem to hope that they can induce customers to leave private-delivery in favour of their own, non-private services. It seems the Queensland Government can be counted amongst that group.

Service provision

- Many smaller, older services will close – particularly those built to meet existing regulatory requirements. In most parts of NSW and particularly Western Sydney and in many parts of Melbourne, smaller centres and their families have already suffered with the impact of previous regulatory changes (loss of baby places and cost). New standards will need to develop strategies to avoid similar outcomes otherwise small centres will have no room to move.
- Many existing baby places will be lost.

Affordability

- Many parents (who are more than happy with the existing level of quality) will find they are not able to afford the new levels of quality.

Service viability

- Significant increases in operating costs.
- Significant operating cost increases likely to be spread over fewer parents resulting in significant price rises for remaining parents.
- For centres that can remain viable, profitability will probably be largely maintained by passing higher costs through to higher prices. Despite the misleading claims to the contrary, a common situation for operators in Australia at the moment is that there are a large number of vacancies. In short, profitability is already under pressure. It is fanciful to think that current levels of profit will be able to absorb the likely increases in prices and/or reduction in customers.
- Private centres are not the only services trying to operate profitably. Local government and other 'community-based' centres are increasingly seeking to operate profitably, and increasingly adopting the same accounting standards.

NQF 2 – a quality rating system

Objectives

What do you think should be the objectives of a rating system?

As indicated above, a 'quality rating system' should primarily be concerned to improve the efficiency and effectiveness of the existing systems, particularly by enhancing existing levels of competition in the marketplace.

It follows that the primary target audience for a rating system should be the audience which is already the most important determinant of whether quality is adequate – namely, parents.

Other objectives:

- Any rating system should summarise actual service achievements based on early-learning and child-development outcomes. It should not be used as a device to coerce what some people might see as better service-offerings. The idea, for example, that centre should be rated as relatively high-quality because of offering access to haircuts, or evening take-away meals, are good examples of how not to do it.
- Rating should be based on performance, not on predicted performance because of higher or lower levels of staff qualifications.
- Continuous improvement is best driven by customers continuously raising their expectations consistent with their own assessment of their capacity to afford the higher cost associated with higher levels of quality.
- Generally speaking, websites are not useful tools for deciding about the efficacy of the centre's early learning program. What matters is the relationship between the centre and the family.
- The primary objective of the rating system should be to ensure that *all* services have proper-quality early-learning programs for all children, and that parents are well-informed to know the differences between the different service-model offerings.
- A rating system is not the right place for 'an evidence base for early childhood education and care systems'. It may be true that a rating system needs to *reflect* such evidence.

Design issues

We offer the following observations:

- Avoid duplication with other regulation
- The main focus of attention should be:
 - The early learning and child development program
 - Relationships and interactions
- One year – basic
Two year – good
Three year – high
Five year – excellent – (this rating could be applied on achieving consecutive 'high-quality ratings', and be applied retrospectively – highest ratings under the current system should be taken into account)
- The design should be based on the existing document in its present form concentrating only on the relevant Principles and those quality areas relating to program and interactions.
- History shows that early learning - for all ages - is well-provided by diploma-trained teachers (to use the NSW terminology). Any new rating system must accommodate and reflect this important truth.
- The kind of information already provided to parents is generally adequate. Centres have had a rating system ever since the QIAS was introduced. We do like the idea that higher-performing centres will get greater recognition.

Risks

- A rating system that is related to the availability of hairdressers or evening take-away meals, instead of right relationships and high-quality early child development programs.
- Validators who, over time, become disconnected from the sector. Diploma-trained validators should be accepted.
- A rating system that was applied rigorously to centre-based services but not to other service delivery models, but leaving open the possibility for claims from those other models that they are the same type of child-development specialists.

Coverage

Questions of coverage cannot sensibly be addressed until there is some idea about what is being proposed for the content of the rating system.

As a general proposition, it seems sensible in theory to pursue the notion that rating system should apply to everybody.

But rating systems need to be truly equivalent, enabling parents to make *valid* choices between service-types. Parents should receive information clarifying the different

service-offerings in different service-types. We don't want a rating system that misleads parents into thinking the child-development services in a regulated, accredited centre are direct substitutes for the services typically available in other settings.

Impacts

It is difficult to answer this question without knowing the detail of the proposals.

For all of the reasons set out in Appendix B, it is vitally important that the design of the proposals follow the required analysis of impact, and not the other way around.

Transitions

1. assuming that the new rating system will focus on areas related to programming and interactions, we do not see that transitional arrangements will be much of an issue.
2. Every centre should receive an example validator's report at no cost so they can use that report to assess what needs to be done.
3. there should be at least two months notice, which notice should be accompanied by the validator's report and all relevant information.
4. training forums – supported by letter and e-mail to every centre informing them of the forum and its purposes. Forums need to be accessible – perhaps by being held at night and over a broad range of locations.

NQF 3 – streamlined and or integrated licensing and accreditation arrangements

What are the current issues or problems with the existing regulation, licensing and quality assurance system?

The biggest problem by far is the extent of duplication between existing state childcare regulation and the Commonwealth's regulatory system for quality improvement and accreditation.

That duplication can be traced back to the root cause – inadequate regulation decision-making processes.

The central problem is that the people who make the rules at the state level have inadequate regard for cost or affordability impact on parents or on other governments.

People concerned about cost and affordability impacts – the, Commonwealth Government – are typically not involved at the state level.

This is the key example of how coordination and cooperation simply must be improved if Australia wants to improve the quality of its childcare centre regulation design and enforcement.

The central problem is *not* having two regulators. It is the extent to which those two regulators have not been, and are not, properly coordinated.

The solution is *not* getting rid of one level.

The solution is to make all agencies work together effectively, across levels, and at each level.

So how can improved coordination be achieved?

One way would be to increase the extent to which government agencies currently talk to the people best-placed to help with analyzing risk, and designing risk-management strategy – namely, centre operators who provide the bulk of services to parents and children.

How should that apply to the QIAS?

The QIAS has two main problems, first, it has been deliberately duplicated at a state level, and second, it has become inherently complex and volatile, and not focused on the key driver of service-quality.

When considering the question of 'who should regulate what?', we think the following design principles should be taken into account:

- Australia's QIAS is world renowned as being the only system that links equitable parent subsidies with effective and efficient quality-improvement incentives. This basic characteristic must not be undermined.
- Any attempt to use the QIAS as a traditional regulatory tool may weaken the very features that make the QIAS successful.

The current QIAS is an intelligent blend of carrot and stick. Experience shows that the mere threat of sanction has been effective to secure high levels of compliance. Yet, the true strength of the QIAS is, or should be, that of an experienced adviser, not a policeman.

The QIAS' original design is correct. It was always intended that the QIAS influence 'quality', something which prescriptive regulation cannot achieve. That is why the QIAS focuses on 'process' rather than 'structural' elements.

The original design has been rendered less successful because states sought to protect their patch by duplicating the quality-measurement functions of the QIAS.

The key objective is to remove that duplication.

That removal should not throw the QIAS baby out with the bathwater.

Whether the QIAS is done by a national body, or by a state-level body on behalf of the Commonwealth is not really the point. The point is to ensure that the essential characteristics of the QIAS are retained.

In relation to streamlining the complexity of the QIAS, the key is to complete the work already underway.

A lot of progress was made before the election in identifying what aspects of the QIAS could be safely removed so that the system could focus on the most important attributes associated with good-quality – that is, relationships and early learning programming.

Specific suggestions:

- Remove the internal overlaps and duplications, and the external duplication.
- Minimise, and otherwise manage, validator subjectivity.
- Focus NCAC on the review of relationships and programming.
- Unannounced QIAS spot checks mean that validation visits do not have to be unannounced.
- Keep looking for ways to improve relationships between centres and NCAC – do it 'with' us, not 'to' us.
- Develop a more independent appeals process, one that reduces the time taken for processing appeals, and ensures the NCAC is not able to discount or ignore appeal findings. Greater transparency and accountability around the whole QIAS procedure is needed – even more so if services are to be rated against each other.
- One year – basic quality
Two years – good-quality
Three years – high-quality
Five years – excellent-quality
- Focus on early-learning methodologies and relationships, not on:
 - Staff culture
 - Staff qualifications
 - Languages spoken by staff
 - Playground improvement plans
 - Financial management of centre
 - Staff immunisation
 - Availability of take-away food or of haircuts

NQF 4 – workforce

Specific matters

- Government to raise awareness through general education programs for the population.
- Provide JET to parents wanting to get into childcare as a career change—based on the income of that parent, not family income.
- Explain the advancement possibilities to people like careers advisers and secondary schools – there is a career advancement structure:
 - Traineeship, Certificate III – 1 year
 - Diploma – 2 years
 - Diploma and 12 months experience=Authorised Supervisor (New South Wales terminology) – 3 years
 - Early childhood degree courses – 3 or four years – TAFE or university

Other career opportunities include:

- Moving on to bigger organisations – as coordinators, or area manager, or director,
- Moving on to NCAC, or to regulator,
- Moving into training institutions
- Purchase of own business
- Expansion of own business

National Early Years Learning Framework – Purpose of the Framework

What philosophy would you want an Australian framework to use?

We offer preliminary comments:

1. Of the suggestions, the preference would be for a socio—cultural approach,
2. Most states are going to want to retain attachment to their existing curriculum frameworks. NSW certainly will be looking for an outcome which is similar to its Emergent Curriculum approach,
3. It is important for any early learning framework not to be prescriptive. Prescription is not needed, what is lacking is training and service support. In this regard, the length of the learning framework is not important so long as there is adequate support,
4. It is important for training to be genuine. The trainers themselves need to be adequately trained and supported. One suggestion might be to provide a CD and DVD for every 10 licensed places, and a DVD for loan to parents from centres.

5. We definitely are worried about implementing an early years learning framework in all settings from July 2009. This is simply not enough time for it to be done properly.

It is very difficult to comment meaningfully on the early learning framework questions. There simply has to be a lot more thought put into the analysis of the design and of the training needs and then consultation on that basis.

Early years learning framework – questions relating to research findings

Is the analysis of the trends in the literature accurate and comprehensive?

It appears to us that the analysis of trends is accurate and comprehensive

Do you support a focus on language and communication development, social development and play-based learning in the framework?

Yes, very much so. We would like to see greater recognition of the importance of how our methods and staff over many years have embedded child-development with successful parenting.

EYLF3 – foundations for the framework

What would you want included in the framework's vision for early learning and children?

We are comfortable with the vision identified in 11.2

Would you support the values and rights proposed to underpin this framework?

Yes

EYLF4 – building the framework

How should the curriculum framework provide guidance on strategies to meet the various learning and development needs of the children including those with special needs?

One broad answer is to make good use of high-quality emergent curriculum frameworks such as in place in NSW. That NSW framework works well in practice because it is not prescriptive. It is flexible, allowing centres to innovate and to design their own programs tailored to meet the needs of individual children and individual families in individual communities.

Bear in mind, however, the sector will need more funding and more support generally for special needs workers. As a general proposition, such funding needs to meet the award wage and on costs for such special needs workers.

Is it appropriate to children's learning to be assessed? If yes – how?

Every child should be formally tested prior to starting junior primary, primary, secondary school, and at NSW year 9 level or Victorian equivalent to identify any learning difficulties. This should be done by clinical psychologists funded by government.

How would you ensure the curriculum framework is appropriate for all educators, regardless of qualifications?

The short answer is – training. What also needs to be understood is that Australia has a wonderful system for ensuring that all educators are able to use the curriculum framework. This system is the QIAS. The QIAS measures *actual outcomes*. If any particular educator is not able to demonstrate a proper understanding of a curriculum framework through proper relationships and child-development *outcomes*, then that will show up in the quality ratings and the quality assessment of the particular centre.

What kind of professional development will need to be provided to support educators using an early years learning framework?

Proper in-service training, and proper resourcing-support. But none of those additional training and resource supports will amount to much unless all Australians first understand the extent to which childcare centres are in the business of early learning and child-development. All the training and all of the resources in the world won't make much difference until Australians understand what centres actually offer to child development and to parenting support. In fact, such additional resources simply will not be provided unless and until Australians understand the early learning and parenting support reasons why all children should be getting fair access.

Where to from here?

New South Wales and Victorian Associations suggest that the way forward is to follow the advice of the 2006 'Review of the approach to setting national standards and assuring the quality of care in Australian child care services'⁷.

The Review's Executive Summary outlines key findings of a national mapping of current standards, reviews the literature on standards and quality, and then identifies three options for synthesising the Review's findings.

⁷ Community Services Ministers Advisory Council, "A review of the approach to setting national standards and assuring the quality of care in Australian child care services", A project commissioned by the Children's Services Subcommittee and presented to the Community and Disability Services Ministers Conference, July 2006

On the important question of understanding the cost and benefit components for each option, the Review argues for a more detailed subsequent study of the feasibility of the preferred options, and the likely distribution of costs and benefits to each stakeholder group. Noting that data were not available to the Review team, the Review nevertheless finds that it is clear that “greater overall investment, particularly by government, is needed to achieve the higher quality outcomes that are proposed...”

Then the Review outlines what we suggest is a sensible framework. It says that the relevant regulatory impact analysis be done:

“after the theory and drivers behind each of the options become a commitment, and the targets for the future standard and quality of childcare are agreed.”

“At that time, the best financial/economic data available could be obtained and applied to generate costs and benefits (direct, indirect and the reported ‘in tangible’). Such coordinated analysis could deliver to government more nuanced evidence of ways forward, and the costs and benefits of different directions”.

As we understand those suggestions, what the Review recommends is:

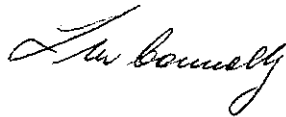
1. First – attempt to get agreement on ‘theory’ and ‘drivers’.
2. Then aim to agree ‘targets’ for investigation as future standards.
3. Then obtain the best financial and economic data to underpin a proper cost/benefit analysis, to identify the best options.
4. Do all of that recognising up-front that greater overall government investment will be needed.

Using that framework, this discussion paper should be regarded as part of the first stage.

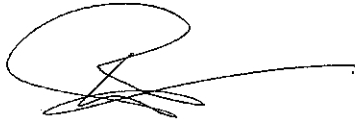
Concluding remarks

Child Care NSW and Child Care Centres Association Victoria appreciate the opportunity to share our ideas on this important opportunity.

We look forward to working closely with the Working Group on subsequent stages.



Lyn Connolly
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President
Child Care Centres Association of Victoria

Attachment A to the Submission of CCNSW/CCCAV to the National Quality Framework for Early Childhood Education and Care

Introductory Comments on Process Uncertainty

Even though our Associations approached the task with hope and optimism, we have struggled to respond fully to the discussion paper because we are uncertain about key elements, and about the decision-making process to be used to develop any new standard.

We are not clear what regulatory status the National Quality Framework is to have, or when or how any such regulatory status is to be achieved, particularly for what are described as 'quality standards'.

The discussion paper at p.1 says responses will be used to inform the development of the framework, that the new quality system will be *aspirational*, and it may take some time to implement the full suite of standards to the highest quality level.

But the discussion paper also says that "a national quality framework will provide parents, communities and operators of early childhood education and care services with a nationally consistent, streamlined and integrated licensing and accreditation system which will ensure quality standards are implemented and maintained across all services.

That statement implies that quality standards will somehow replace or supplement existing Commonwealth and State regulations.

We presume the intention is for the quality standards to be expressed in regulation.

If so, the question arises whether that regulatory expression to be done using the same methods previously used for the so-called 1993 national standards? That is, once content has been agreed at inter-governmental level, is the intention that each State give effect to some or all of the new standards?

If new 'national standards' are to be given legal effect at the State level, each jurisdiction will be required to give effect to those regulations following their 'best-practice regulation decision-making processes. Such processes require prior regulatory impact analysis, including appropriate cost-benefit analysis.

A problem arises with the sequence of the decision-making.

Sensible decisions about changed standards cannot be made except with the benefit of *prior* analysis of likely impacts on children, parents, service providers and on

government. That impact analysis is needed to *inform and guide* the decision-making. It would be unacceptable if that impact analysis was intended to be done *following* any decision to change an existing 'national standard'.

The so-called 1993 'National Standards for Centre-Based Long Day Care' were introduced by various States and Territories in different ways and to different extents. It appears that States either did their regulation impact analysis and decided it would not be sensible to proceed, or States did not want to do the analysis, and so could not change their Regulation.

That degree of variation in the implementation of those 1993 standards is what now leads some people to claim that the current Commonwealth Quality Improvement and Accreditation System is less effective than was hoped for. Correcting that perceived inadequacy seems to be one of the main motivators for this further exercise.

In light of that history, we would not be surprised if the Commonwealth would prefer to give legal effect to proposed standards at the Commonwealth level, rather than leaving it to each State. Indeed, that is one of the particular uncertainties.

Any Commonwealth regulation-making process would itself need to comply with the Commonwealth's regulatory best-practice decision-making principles, including impact assessment. These are the Government requirements in the '*Best Practice Regulation Handbook*', of August 2007. In other words, the need for proper regulation decision-making process still applies, even if regulations happen at a national level.

There is a further possibility.

We assume the body conducting this consultation is an intergovernmental decision-making body developing reforms for consideration by the Council of Australian Governments.

If so, its decision-making process is subject to the regulation decision-making requirements laid down by COAG in its "*A Guide for Ministerial Councils and National Standard Setting Bodies – Best-Practice Regulation*, October 2007.

There is yet another possibility. It may be that this exercise is more in the nature of a brainstorming session – simply looking for guidance on how best to engage with the sector later down the track concerning regulation decision-making processes.

Over-arching all of those possibilities, however, is our concern about the timing of the introduction of the proposals.

The discussion paper (p 6) says that feedback will help develop the National Quality Framework, including, quality standards.

The consultations will inform the development of draft quality standards, a model for a rating system, and the approach to streamline or integrate licensing, regulation and accreditation arrangements.

Those further proposals are to be the subject of further consultation *during October and November*. The paper also mentions final approval to be sought at a December 2008 COAG meeting with implementation of the standards and rating system scheduled for 1 July 2009.

Some of those key dates are only a matter of weeks away!

That timeline can be achieved only if the 1993 approach to implementing national standards is to be followed. That is, new standards will be given effect at State level, subject to each jurisdiction undertaking their required regulation impact analysis.

As we have just explained, however, it is not possible to make informed decisions about even proposed, or aspirational, or target standards, *before* such analysis.

CC NSW and CCCAV are struggling to make meaningful comment in the light of these uncertainties.

As we see it, these uncertainties can be resolved only by relying on proven decision-making principles.

Good regulation can't happen by accident – it depends on good decision-making.

For example, consider the proposal to increase staffing for children aged under-two. A decision to require a 1:3 staffing ratio for children aged under-two can only be made in the light of the huge impacts on price and availability of places that we already know must flow from any such proposal. Either each State that chooses to follow this standard will need to do that analysis, and design any regulation (and other government responses and support-strategies) in the light of that analysis, or the Commonwealth will need to do the analysis at a national level in a manner that adequately replaces the need for such State analysis.

Our submission assumes that, one way or another, the design of any new standards will comply properly with either the Commonwealth's Best-Practice Regulation Handbook, or with the COAG equivalent.

These process uncertainties are such that it makes sense for us to add a few further preliminary comments about why good quality outcomes for children, families and everyone depend on getting the regulation decision-making right.

Those comments are in Attachment B.

Attachment B to the Submission of CCNSW/CCCAV to the National Quality Framework for Early Childhood Education and Care

Linking Good Service-Quality to Good Regulation

Gary Banks, Chairman, Productivity Commission provides a useful summary in his paper, "*Regulation for Australia's Federation in the 21st Century*"⁸.

"The regulatory stream of COAG's National Reform Agenda has made a promising start in addressing key problems in Australia's multiple regulatory regimes. However, to be confident of achieving the goal of a regulatory system that can meet the contemporary needs of Australia's national economy and society at least national cost, much more needs to be done to entrench good practice and ongoing reform."(page 23)

Mr Banks explored these concepts in his March 2008 presentation, *Riding the Third Wave: some challenges in national reform*.⁹

"It emerges that while the potential pay-offs to Australia from embarking on a new wave of national reform are large, there are also some major challenges in devising reforms that will yield the anticipated benefits. If anything, the challenges are greater than under the National Competition Policy, because of the additional complexities and uncertainties that confront policy development in the human-capital area – where there is potentially the most at stake. (page 27)

"(A) positive feature is the strengthening of COAG oversight of the various reforms streams, with working groups involving central agency representation reporting on a quarterly cycle. Ministerial Councils have played an important role within our Federation, but they naturally tend to be dominated by a portfolio perspective. This can lead them to neglect the bigger picture for the nation and has limited their ability to advance fundamental reform.

"The introduction of three-monthly meetings for COAG is an important signal about the role that it intends to play. *The main downside would be if a 'need for speed' began to take precedence over marshalling evidence and rigorously testing policy proposals where this is needed.* (our emphasis)

"Where policy solutions are not clear even in principle – or there is no basis for an agreed position – *there will need to be considerable work done at the 'front end' of policy development. Good policy development processes are especially*

⁸ *Regulation for Australia's Federation in the 21st Century*, Gary Banks, Presentation to the Economic and Social Outlook Conference, Melbourne, November 2006. [fix this]

⁹ Banks, G. 2008, *Riding the Third Wave: some challenges in national reform*, Productivity Commission, Melbourne, 27 March

important where the intent is to implement a uniform national policy or regulatory approach (refer to page 28)

His presentation explored Australia's track record in enhancing business regulation and competition. (see page 21)

"The first waves of micro-economic reforms were directed at reforming anti-competitive regulations that assisted some businesses at the expense of others.

"In its report *Rethinking Regulation*, the Regulation Task force (2006), found that much regulation suffered from unclear or questionable objectives, lack of targeting, excessive paperwork requirements, undue prescription and complexities, and inconsistency, overlap and duplication, particularly across jurisdictions.

"Many of the worst inter-jurisdictional problem areas have now been picked up by COAG as 'hot spots' for priority action.

"...it will be important that a strong case is made for any proposed national standard, demonstrating a national payoff from reform. National uniformity or harmonisation is only worth having if it involves the best rules, not merely the lowest common denominator. *That in turn puts a premium on good policy development processes, including rigorous assessment of the pros and cons of different options.* As noted, this has not been done well in the past. (our emphasis) (page 22)

Mr Banks addresses the causes of bad regulation:

"The fact is that bad regulation – regulation which is ineffective or for which the costs are excessive, have proven easier to make than to reform. This reflects the political pressures on governments to 'do something' in our increasingly risk-averse society, and the resulting knee-jerk reactions by governments, which are prone to 'regulate first and ask questions later'.

"The problems are deep-seated and need to be tackled on a number of fronts. *However the absolute priority is to improve the processes and institutions responsible for making regulation in the first place.* (our emphasis)

"COAG has made a useful start in agreeing to some 'best practice regulation reforms'. However, concrete commitments need to be made to strengthen the obligations on policymakers and regulators, and to ensure that regulatory proposals satisfy those requirements. (page 22?)

"While the potential for substantial benefits from reform is there, the extent to which these can be realised will depend on having a mix of

specific measures that can be shown to yield benefits exceeding their costs". (Page 11)

Applying Those Principles to This Project

The proper application of these regulation decision-making principles cannot be overstated.

The inescapable fact is that the introduction of suggested changes to standards will impact significantly on price, referred to repeatedly by the 2006 Review commissioned by the Children's Services Sub-Committee of the Community Services Ministers' Advisory Council—*A review of the approach to setting national standards and assuring the quality of care in Australian childcare services.*

Unless government helps parents with increased prices, we fear potentially valuable advances will not get out of the starting blocks.

Australian taxpayers will be able to understand why even higher levels of investment in parenting-support and early child development systems are worthwhile for everybody.

But that understanding needs to be built on the right foundation, and follow the right sequence, otherwise the risk is that Treasury Department's, and taxpayers, will not see why they should support them.