

Early Childhood
Development
Steering Committee

Policy Overview

**Regulation Impact Statement
for Early Childhood Education
and Care Quality Reforms**

July 2009

The early years of a child's life have a profound impact on future health, development, learning and wellbeing. Positive experiences in early childhood lead to positive productive outcomes for the future. Many children now spend time in early childhood education and care services throughout Australia. The quality of these experiences and interactions is crucial in supporting their future wellbeing.

A sustainable high quality early childhood education and care sector is fundamental in providing support and choice for families in how they balance work and family commitments. It also contributes to achieving Australia's economic goals, both by supporting workforce participation now and by providing the best possible start for the workforce of the future.

The Australian Government and State and Territory Governments are seeking views on reforms to improve the quality of early childhood education and care (ECEC) in Australia. A Regulation Impact Statement (RIS), known as a Consultation RIS, has been prepared that canvasses a number of regulatory options for improving quality and regulation of ECEC providers and a new quality rating system.

The Consultation RIS assesses the relative costs and benefits of each of these options. A final decision on the reforms to implement will need to balance the benefits of improved quality for children and families and the broader economy with the costs to parents, providers and taxpayers.

This document sets out the reasons why we need to strengthen the quality of early childhood education and care in Australia, explains the changes under consideration and sets out the consultation process.

1.1 Background

The Council of Australian Governments (COAG) is committed to pursuing substantial reforms in the areas of education, skills and early childhood development to deliver significant human capital outcomes for all Australians. For early childhood, this includes ensuring that children are born healthy and have access to the support, care and education throughout early childhood that will equip them for life and learning and that is delivered in a way that actively engages parents and meets their workforce participation needs.

This reform agenda has a number of elements, including a National Early Childhood Development Strategy to ensure all children have the best start in life to create a better future for themselves and for the nation.

The National Quality Agenda for ECEC is an important part of the National Early Childhood Development Strategy. It builds on the National Partnership Agreement between the Australian Government and State and Territory Governments on early childhood education. The agreement involves governments working together to provide all Australian children with access to a quality preschool program in the year before formal schooling.

The National Quality Agenda has been developed with input from a wide range of individuals and organisations, including an Expert Advisory Panel on Quality Early Childhood Education and Care.¹ A preliminary public consultation process was also conducted during August and September 2008, comprising public forums, focus group discussions, in-depth interviews with key stakeholders and the consideration of written submissions.

2 Why reform is needed

¹ The Expert Advisory Panel's January 2009 report is available on the Australian Government Department of Education, Employment and Workplace Relations website at www.deewr.gov.au/EarlyChildhood/Policy_Agenda/Quality).

The current arrangements for regulating the quality of ECEC in Australia have a number of weaknesses. Different regulatory arrangements apply to services in different States and Territories, some of the regulatory effort between the Australian Government and States and Territories is duplicated, and parents have insufficient information to make informed choices about using ECEC services.

To better support the wellbeing of children and families using ECEC services in Australia, we need to determine the most appropriate level of quality for services. We also need to improve the regulatory system to enable providers to focus on delivering quality services and to better assist parents to choose an appropriate service for their children.

2.1 Achieving positive outcomes for families, children and the broader community

Many children participate in ECEC services that, as well as providing opportunities for learning and development, support the workforce participation of families. We need to ensure that children in ECEC services have access to high quality care and early learning experiences so that they have the best possible outcomes, including learning, behaviour, emotional and mental wellbeing and health.

Developmental outcomes for children are greatest when early childhood education and care professionals are able to develop positive nurturing relationships with children in their care. Care providers and early childhood educators are able to be more positive and responsive to children when they are directly responsible for fewer children. The educational qualifications held by early childhood workers also contribute to the quality of care. Those with higher qualification levels and standards of training are better equipped to provide improved learning environments.

In particular, high quality early childhood education and care can significantly improve outcomes for disadvantaged children. The attendance of disadvantaged children at high quality services is associated with increased participation and retention in education, positive social behaviours in school and in later life and higher educational achievement.

In Australia, child care and early childhood educational programs have developed separately, with separate objectives. Preschools have been associated with education and child care has traditionally had an important focus on meeting the child care needs of working parents. The historical distinction does not recognise that learning and development begins at birth. Greater integration of early childhood education and care services is therefore crucial in supporting our children's learning throughout early childhood.

2.2 Ensure families have adequate information regarding the quality of ECEC services

Currently, parents can face difficulties in assessing the quality of services. Service quality, particularly in relation to staffing levels and qualifications, may not be readily observable by parents and it can be difficult to evaluate information to determine whether a service is of high or low quality.

By their very nature education and care services operate without parents in attendance. To support families in their choice of services, therefore, all parents need to have access to information about the quality of care available to their children. Providing information to assist in this process also provides an incentive for providers to deliver a high quality service.

In addition, families could also be better informed in their decision-making through improved awareness of the findings from rigorous research on early childhood development (this aspect of the reform agenda is a specific reform priority within the National Early Childhood Development Strategy).

2.3 *Provide a streamlined and simplified regulatory framework*

The current regulatory arrangements for setting, assessing and monitoring quality in ECEC services are inefficient and complex. In addition to regulatory overlaps between jurisdictions, there are gaps or inconsistencies in regulation requirements across service types and between jurisdictions.

The Australian Government and State and Territory Governments fulfill different, but overlapping, regulatory roles in ECEC. In many cases services participate in two separate systems to maintain their operations. For example, policies and practices are often checked by both licensing (State and Territory) and accreditation (Australian Government) agencies. Where providers operate across jurisdictional boundaries they are also faced with the inconsistencies in State and Territory regulation. This imposes an increased administrative burden and may reduce the focus on quality.

3 Proposed reforms

COAG has agreed to a proposed approach involving a genuinely integrated national system. The system would have the following features:

- a unified national system to replace current licensing and quality assurance processes;
- a single set of improved national standards that encompass and integrate education and care, with current standards that are stronger than the agreed national standards grandfathered, that initially apply to Long Day Care, Family Day Care, preschool services and Outside School Hours Care services regardless of location or setting;
- joint governance of the national quality system, to allow the perspective of all jurisdictions to be taken into account in the operation of the national system;
- a national body or bodies with joint governance arrangements to oversee the administration of the national system;
- no duplication of regulation across levels of government or sectors, with individual services needing to deal with only one organisation for regulation against the standards; and
- jurisdictions not moving unilaterally to increase standards in the future, with the ability in a small number of selected areas to increase standards in a State or Territory by agreement between that State/Territory and the Commonwealth following discussion by the national body.

The Consultation RIS focuses on a first phase of the national quality agenda. Further consideration will be given to applying the national standards to other service types.

The options for reform outlined in the Consultation RIS relate to the National Quality Standard, focusing on options for staff to child ratios and staff qualifications, enhanced regulatory arrangements and a ratings system.

3.1 *National Quality Standard*

The Consultation RIS seeks views on a draft National Quality Standard and Ratings Framework, which is outlined at Section 5.3 and Appendix B of the Consultation RIS. The National Quality Standard and Ratings Framework is intended to communicate a national view about the level of education and care all Australians should expect in the diverse ECEC settings available across Australia.

The standard promotes high quality care and supports the achievement of high quality outcomes for children. It integrates quality matters currently addressed by regulation with those addressed through quality accreditation and incorporates the Early Years Learning Framework, which will underpin universal access to early childhood education and will ensure delivery of nationally-

consistent and quality early childhood education across sectors and jurisdictions. It is designed to facilitate continuous improvement and to be simple to understand and administer.

The standard comprises seven areas known to be key elements in the assessment of service quality. These areas capture aspects critical to the provision of ECEC services and known to be important to parents:

- Educational program and practice;
- Children's wellbeing, health and safety;
- Physical environment;
- Staffing arrangements, including staff to child ratios and qualifications;
- Relationships;
- Collaborative partnerships with families and communities; and
- Leadership and service management.

The Consultation RIS includes four options for staff to child ratios and staff qualifications for Long Day Care, preschool and Family Day Care (outlined in Section 5.3.1 in the Consultation RIS). COAG is interested in exploring the options for staff to child ratios and staff qualifications through the consultations. In particular, COAG is mindful of the costs to parents and governments and is interested in views about how the National Quality Standard could be implemented in the most efficient and sustainable manner having regard to other early childhood priorities and the current economic environment.

3.2 Streamlined and Effective Regulatory Arrangements

As outlined above, COAG's proposed approach involves a genuinely integrated national system with no duplication of regulation across levels of government or sectors. Individual services would need to deal with only one organisation for regulation against the national quality standards.

3.3 Quality Rating System

The Consultation RIS also covers the introduction of a quality rating system to provide enhanced information to parents based on the new National Quality Standard. The rating system has been developed to take account of the needs of parents and the information they want to know about their service. In addition, the quality rating system will also provide information to services to assist them to improve the quality of their service delivery. It is proposed that services will receive an overall rating and one of five possible ratings for each of the seven quality areas, which would give them a quality profile.

The five level rating system would include the following levels:

- Unsatisfactory;
- Operating Requirements;
- National Quality Standard;
- High Quality; and
- Excellent.

The quality rating system is outlined in the Consultation RIS at Section 5.5 and Appendix B.

3.4 Proposed Implementation Arrangements

The implementation schedule for the New Quality Agenda will depend on the outcomes from public consultations and the approach agreed by COAG following the consultation process.

The complex nature of the proposed reforms means that a range of implementation issues have already been identified and these issues will be investigated more fully as feedback on the Consultation RIS becomes available, and governments agree on a final policy position. The timeframe for the National Quality Standard and Ratings Framework to be fully integrated in all jurisdictions will be developed as part of a detailed transition plan. Should a new system be agreed, it is likely to be implemented by 1 January 2012.

However, implementation of the National Quality Agenda is expected to be phased in as soon as possible. An incremental approach will be adopted, with the implementation of the Early Years Learning Framework from July 2009 being a significant first step. The Early Years Learning Framework will guide early childhood educators in developing quality early childhood programs and provide information for parents on early learning in ECEC.

If agreed, assessments against the new standard and streamlining of existing processes are proposed to commence in July 2010. New ratio and qualification requirements and regulatory arrangements would be implemented progressively in order to allow the sector time to adjust to any new requirements.

Reform of the ECEC workforce will take time and some major actions – such as lifting the status of the profession – will take a number of years. The Australian Government, and State and Territory Governments are committed to training and retaining the workforce needed to support the National Quality Agenda. In order to build the capacity of the ECEC workforce to accommodate the changes the reforms will bring, and the likely increase in demand for skilled and qualified staff, efforts on several fronts are required. These include, firstly, ensuring maximum use of the current workforce initiatives; secondly, implementing specific new initiatives within existing resources; and thirdly, pursuing broader reforms over the medium to long term, as circumstances allow.

4 Next steps

4.1 Consultation Process

The Consultation RIS has been prepared in order to obtain views from all people who may be affected by the policy proposal, including parents and service providers, prior to the development of final recommendations for COAG. Feedback provided on the elements of the National Quality Agenda via the Consultation RIS will be taken into account by governments before a final decision is made. Feedback will also assist with the development of comprehensive transition and implementation arrangements.

Consultation ensures that both COAG and stakeholders who may be affected by the policy proposal have a good understanding of the issues being addressed, alternative options to address these issues, associated benefits, and costs of these options, and possible administrative and compliance mechanisms that can be used to give effect to the policy.

Stakeholders can provide comment on the Consultation RIS through a range of mechanisms. These include through participation at public forums, making a written submission or taking part in an online survey. Further information about the public forums and online survey is available on the Department of Education, Employment and Workplace Relations (DEEWR) website (at www.deewr.gov.au).

Forums for public consultation will be held in capital cities in each State and Territory and a number of regional centres in July 2009. Details of the forums will be published on the DEEWR

website (at www.deewr.gov.au), with links to the relevant State and Territory Government department websites. Advertisements will also appear in metropolitan daily and relevant regional newspapers.

Stakeholders wishing to make written submissions should outline the nature of their interest in the ECEC sector, as this may assist in understanding the feedback provided. Written submissions should be emailed to ECECQualityReformSubmissions@deewr.gov.au or posted to:

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