

**Annual Review of Regulatory Burdens on Business:  
Social and Economic Infrastructure Services**

**Submission in response to the Productivity Commission Draft Research Report  
Section Three: Child Care**

**National Childcare Accreditation Council**

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## 1. Our interest

For the past 16 years, the National Childcare Accreditation Council (NCAC) has worked in partnership with families, services, governments and other key stakeholders to facilitate and support continuous improvement to the quality of child care provided for children in Australia.

NCAC is funded by the Australian Government Department of Education, Employment and Workplace Relations (DEEWR) to administer the following Child Care Quality Assurance (CCQA) systems:

- Quality Improvement and Accreditation System (QIAS) for long day care centres
- Family Day Care Quality Assurance (FDCQA) for family day care schemes
- Outside School Hours Care Quality Assurance (OSHCQA) for outside school hours care services

Since its inception in 1993, NCAC has administered quality assurance in children's services in line with the policy objectives of the Commonwealth and has worked in various ways with states and territories.

The following submission has been prepared in response to the *Productivity Commission Draft Research Report* released on Friday 26 June 2009.

NCAC extends its general support for the Commission's assessment of the difficulties and administrative burdens placed on children's services as a result of State and Commonwealth regulatory arrangements. NCAC also supports the Council of Australian Governments (COAG) Quality Reform Agenda which aims to lift quality standards in all services providing care for children, to cut 'red tape' and to streamline quality assurance processes.

NCAC, as the national organisation responsible for administering the current Child Care Quality Assurance systems, proposes a number of strategies which may assist in reducing the regulatory burden on services in the short term while providing a foundation upon which to build towards long term change.

## 2. Duplicate regulation between Commonwealth and State/Territory Governments

The NCAC agrees that the complexity of the current regulatory arrangements for children's services has resulted in overlaps, gaps and inconsistencies across the country for both services and families.

Regulatory standards administered by State/Territory Governments vary significantly between the jurisdictions; are non-existent for some service types in some jurisdictions; and are not all founded in evidence-based best practice. This is particularly the case in relation to ratios of staff to children, group size and staff qualifications.

Since the CCQA standards are administered nationally, they need to accommodate jurisdictions where licensing is in place as well as jurisdictions where this is not the case. In those states where there are rigorous licensing standards this has resulted in similar information being required by both NCAC and the licensing authority and contributes to a perception that there is a great deal of duplication and overlap between regulations and the CCQA standards.

In reality duplication is most often minimal, as the following example illustrates:

*Both regulations and the CCQA standards require a service operator to develop a suite of policies and procedures but the focus of this requirement is quite different.*

*The regulations require the policies as a condition for granting a licence to operate in the jurisdiction. In line with best practice, the CCQA standards require that policies are based on recommendations from recognised authorities and take into account the needs of individual children and their families using the service. The CCQA standards also require services to regularly review and update their policies in consultation with families and staff. In this way the CCQA standards go beyond a single requirement to have policies in place, and contribute to them becoming living and meaningful documents which guide service practice and encourage continuous improvement.*

NCAC supports the COAG Early Childhood Education and Care Quality Reform Agenda which proposes to draw together the structural and process components of current children's services regulation and CCQA in a *National Quality Standard*. Similarly, NCAC supports the proposal to streamline the administrative and compliance processes through an integrated approach to licensing and accreditation. NCAC believes this could provide a less burdensome regulatory environment for educators/carers and operators without comprising accountability. This approach may also result in significant cost savings over time.

### 3. Lack of credible sanctions

At present, compliance with the Child Care Quality Assurance systems is linked to the Commonwealth's Child Care Benefit (CCB) funding. While there are voluntary accreditation systems for children's services in other countries, the Australian systems are unique in that they are the first CCOA systems in the world linked to child care funding through legislation and to be funded and supported by a national government.

The link between funding and participation has made Australia's Child Care Quality Assurance system a world leader. However there are difficulties when services are non-compliant (eg obstructionist or of exceedingly poor quality, sometimes on multiple consecutive occasions). As the *Productivity Commission Draft Research Report* notes, the Government has been reluctant to withdraw CCB funding, as this adversely affects parents, leaving limited options available to sanction services.

To address the shortcomings of the current sanctions/compliance arrangements, NCAC has previously recommended that the Government seek more effective mechanisms that are felt more strongly by services than by parents. Parents may have limited child care options, particularly in areas of low supply and high demand. Therefore parents may not have the capacity to influence the quality of a service or the ability to seek alternative care arrangements should Government withdraw CCB funding from a poor quality service.

One mechanism advocated by the NCAC is a combination system of fee subsidies and greater operational and capital assistance to child care providers. This would also improve the ease of applying sanctions to non-compliant services, as families would not be adversely affected by removal of fee subsidies. A variety of compliance tools (including fines, suspension of funding and other sanctions) that are targeted at the service may be more effective than the current model.

It is also recommended that the Government explore other non-regulatory options to encourage child care providers to deliver quality services. For example, using a 'carrot' as opposed to a 'stick' approach, operational funding could be used as an incentive to improve service delivery and fund additional resourcing and support for services that are struggling to meet regulatory requirements. The new *Quality Rating System* could incorporate incentives for quality child care provision, as opposed to purely punitive measures for failure to meet the required standard. It is envisaged that receipt of incentive-based rewards would also significantly boost staff morale within child care services and drive continuous improvement across a spectrum of service delivery improvement opportunities.

While the primary objective for the development of the *Quality Rating System* needs to focus first and foremost on outcomes for children, it could also be used to provide a clear 'snapshot' of a service's quality rating for families. A rating system that raises families' awareness and appreciation of the importance of quality child care will support them to understand their rights and responsibilities in relation to their child's care.

Improving communication with families about the rating system and quality child care, as well as about the rating of specific services would provide a strong incentive to providers to maintain and improve their standards of care and education on an ongoing basis. For example, the service's status could be identified through a website, certificate/logo/sticker to be displayed at the service's premises. This is common with other assurance and accreditation bodies (for example ISO certification).

## 4. Provision of information to parents

NCAC provides extensive information to parents about quality childcare. NCAC has had a website since 1998 and in the past decade extensive resources have been committed to extending NCAC's outreach to families.

Recent initiatives have included:

- the development of new *Family Factsheets* in a range of community languages;
- the development of a new family resource, 'Choosing and Using Quality Child Care – A guide for families'; and
- maintaining a strong presence at family-oriented expos, such as the Pregnancy, Babies and Children's Expo, held in most capital cities across Australia.

The child care search facility on the NCAC website currently contains contact details for services (service name, location address, telephone number), its current Accreditation Status and *Self-study Report* due date. It also lists the service's Accreditation History. For example:

<b>XYZ Child Care</b>	<b>Service Type:</b> Long Day Care Centre
100 Main ST SYDNEY NSW 2000	<b>Accreditation Status:</b> Accredited ( <a href="#">Click Here for explanation</a> )
	<b>Service Accreditation History:</b> <a href="#">Click Here for Accreditation history</a>
<b>Phone:</b> 02 5555 5555	<b>Date Next Self-Study Report Due:</b> 20 January 2010
This service has been issued with a <i>Quality Profile Certificate</i> which provides an overview of the quality of care at the service. Please ask the service provider to see this <i>Quality Profile</i> . <a href="#">View a sample and further information about the <i>Quality Profile Certificate</i>.</a>	

This search facility is the most often accessed part of the NCAC website.<sup>1</sup>

NCAC has investigated the legalities and technical (IT) requirements to action the recommendation to publish a service's 'Quality Profile' on the NCAC website ([www.ncac.gov.au](http://www.ncac.gov.au)). As the Quality Profile is indicative of quality in a child care service at a point in time only, the legal advice is to provide additional information to help parents understand and interpret the Profile, and a disclaimer regarding its use.

NCAC needs DEEWR approval before actioning this and has made DEEWR aware of the results of these investigations. Should DEEWR agree to NCAC publishing quality profiles, it may take several months to build this facility into the NCAC website.

Non-compliance is related to service failure to: Submit a *Self-study Report*; to allow a Validation Visit or Spot Check to proceed; or to treat a NCAC Validator with respect.

Non-compliant services are reported to DEEWR. The consequences/outcomes for the service are then in the hands of DEEWR. Generally services comply shortly after communication from DEEWR. There are some service providers, however, that have been reported to DEEWR on a number of occasions that do not respond to potential sanctions.

NCAC would welcome further links from the 'mychild' website.

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<sup>1</sup> NCAC website analysis, available at: [http://www.ncac.gov.au/reports\\_statistics/reports\\_stats\\_index.asp#web](http://www.ncac.gov.au/reports_statistics/reports_stats_index.asp#web)

## 5. Unannounced Validation Visits and Spot Checks by the NCAC

Unannounced Validation Visits were introduced in July 2006 following a policy announcement by the then Minister, The Hon. Mal Brough, MP in response to claims that services were 'putting on a show' for the Validator when they knew the date of the Visit in advance. The Minister also announced the introduction of unannounced Spot Checks to ensure that the quality of care provided by Accredited services was being maintained between Validation Visits.

Feedback about Spot Checks received by NCAC demonstrates that the vast majority of services participating in the CCQA systems are satisfied with this process and believe it contributes to continuous improvement:

*As you can imagine, we were a bit anxious at the idea of someone suddenly observing our centre but the process was fine and our fears subsided quickly. It was a worthwhile process to undergo as it assured the staff that we are doing the right thing. (SC1545)*

*The process was smooth and staff feel happy with our results and the opportunity to improve our service. (SQ1643)*

In contrast, many services complain about the stress of waiting for a Validation Visit during the six week timeframe provided by NCAC. Staff leave and/or professional development are often delayed in the weeks leading up to the Visit to ensure that all key staff will be available when the Validator arrives. The following comment is typical of those received by NCAC in *Validation Evaluation Forms*:

*Eliminate unannounced Visits. Continue with Spot Checks but don't put unrealistic expectations on staff when at times there isn't an 'extra' staff member to go through the report and find evidence for the Validator. (VQ20006)*

State/Territory Licensing Departments and NCAC also work independently of each other, and currently do not share information about scheduled visits to child care services. As a result, some services have reported that they have received regulatory visits from both agencies at the same time or within a very short timeframe.

NCAC supports the recommendations made by the Productivity Commission to continue with Spot Checks to Accredited services and to provide services with the date of their Validation Visit. This change could be implemented immediately and would allow services to ensure that staff are prepared for the Validator and would significantly reduce stress on the service. While services could potentially 'put on a show' for the Validator, NCAC could Spot Check the service if a complaint was received about this.

Advising State/Territory Licensing Departments of the date of the Validation Visit could also assist in ensuring that, where possible, services' licensing and Validation Visits do not occur within the same timeframe. NCAC has previously discussed this option with some jurisdictions and would be pleased to progress this through further negotiation and collaboration.

## 6. Coordination of visits of NCAC and State regulators

As stated above, State/Territory Licensing Departments and NCAC currently work independently of each other which has created difficulty and inconvenience for many services.

To reduce the overlap and move towards integration, NCAC agreed to work with Victorian and South Australian Government representatives to develop strategies and trial processes that would streamline State and Commonwealth regulatory functions. Initial meetings held in November and December 2008 were productive and will inform the work currently being undertaken by COAG to progress the implementation of the Early Childhood Education and Care reforms.

NCAC supports the premise that in the future all children's services should come within a national quality framework encompassing both regulatory (structure) and quality assurance (process and outcomes) components. It is also evident that to support this integrated regulatory approach and to deliver quality outcomes for children and their families, new governance arrangements would need to be established.

A National Board comprising State and Commonwealth membership supported by a Ministerially appointed advisory group, made up of sector experts and academics, is one such model.

The National Board would oversee the integration of the policy and administration systems for children's services via two levels of agencies with specific roles and communication responsibilities:

- A National Children's Services Quality Standards Agency that would manage the setting and publication of standards and the rating system, determine measurement processes, train assessors and manage data collection and reporting
- State/Territory Children's Services Quality Systems Agencies that would administer the integrated quality system and manage compliance requirements as per the protocols established by the national agency.

NCAC has administered and successfully implemented changes to the current CCOA systems for the past 16 years. The organisation is staffed by a committed, expert and professional team from a range of disciplines and is well placed to facilitate the transition to an integrated quality system for children's services.



## 7. NCAC Validation Surveys

*Validation Surveys* were introduced as part of the revised Quality Improvement and Accreditation System (QIAS) in 2001 and were continued in Family Day Care Quality Assurance (FDCQA) in 2001 and Outside School Hours Care Quality Assurance (OSHCQA) in 2003.

*Validation Surveys* were initially designed to encourage the participation of staff, carers, families and school age children in the Quality Assurance process and to ensure that the views of stakeholders were reflected in the service's final Accreditation Decision. Overtime however, services and families have raised concerns about the effectiveness of *Surveys*.

NCAC agrees that, in light of these concerns the cost to the service in terms of time to administer the *Surveys* is disproportionate to the value of the data obtained from the *Surveys*. It is recommended that the requirement for services to circulate and collect *Validation Surveys* is removed.

Partnerships with families are a cornerstone of CCQA and are embedded in the current CCQA standards and if *Surveys* were to be removed, NCAC suggests that other reliable methods of collecting feedback from families about the quality of care provided at the service should be put in place.

Reliable independent feedback from families about the quality of care provided by their service could be collected using the following strategies:

- An annual telephone survey could be conducted to gain qualitative feedback from families. The survey could be conducted externally and formulated to gain information about specific issues.
- A website poll for families using an online survey that could be completed at any time, rather than when services reach Validation in the CCQA process.
- Build on current strategies used by NCAC to communicate with families to increase an awareness of opportunities to be involved with services and encourage participation. For example, producing further *Factsheets* for families and information on the NCAC website.

These strategies could, and in the view of the NCAC, should be implemented immediately.

## 8. Consolidation of child care accreditation systems

The current CCQA systems have worked well in raising the standard of quality in children's services during the past fifteen years. In those states and territories where family day care schemes and outside school hours care services are not licenced, CCQA has provided the only means of addressing basic health and safety aspects of service delivery. The current standards, however, now need to be reviewed and streamlined based on current evidence-based best practice.

The *Productivity Commission Research Report* highlights the work commenced by NCAC in 2006 to develop integrated Child Care Quality Accreditation System (CCQAS) standards. The draft standards were designed to guide and measure practice across a variety of child care service types including family day care, long day care and outside school hours care services. Considerable sector support for this integration was a notable feature of the public consultations on the draft *Guide to the CCQAS Standards* conducted in September 2007.

Following the 2007 federal election, the Council of Australian Governments (COAG) agreed to pursue the ambitious agenda of national quality reform for early childhood education and care. This includes the development of a *National Quality Standard* and a rating system that integrates matters currently addressed by regulation as well as aspects of quality currently addressed through Accreditation. The *National Quality Standard* and *Quality Rating System* will, over time, apply to all service types.

NCAC believes that the reforms proposed by Government to integrate and strengthen quality service provision for children's services across Australia represent an exciting opportunity to deliver improved outcomes for children, families and communities.

It is the fundamental right of every child to receive quality care and education, regardless of the setting/s they encounter. The proposed reforms provide a unique opportunity to develop nationally consistent and integrated quality standards that capture the full range of services and programs provided for young children (including those not currently covered by licensing or Accreditation such as preschools, occasional care and in-home care, etc). This approach will diffuse the boundaries between 'care' and 'education' by ensuring that the desired outcomes for children are the same regardless of their age, or setting they attend.

There is significant international research to demonstrate that quality early childhood education and care set children up for lifetime success. This is particularly true for disadvantaged children. Investment in quality children's services in turn reduces the need for future financial investment in adult social services and crime prevention.<sup>2</sup>

A *Quality Rating System* also provides an opportunity to overcome the inequity that may exist between different service types, both in terms of how they are generally perceived and valued, as well as in terms of the expectations of the quality of care and education they can or should provide. A rating system, when it is applied unilaterally, will allow families and the wider community to have greater confidence in the quality of care and education being provided and assist families to make an informed decision about using a particular service or program.

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<sup>2</sup> Studies have demonstrated that for every dollar invested in high quality early childhood education, there will be significant financial savings in the future.

Please see: Schweinhart, L.J. (2004) *The High/Scope Perry Preschool study through age 40: summary, conclusions and frequently asked questions*. Retrieved 27 July 2009 from <https://secure.highscope.org/Content.asp?ContentId=219>.

However, it is important that the *National Quality Standard* and *Quality Rating System* are flexible enough to recognise that quality outcomes may be achieved by different services in different ways. The standards, in particular, need to be sufficiently broad that they can be adapted to meet the specific needs of each service and the children, families and local community who use it and encourage professional autonomy and innovative practice. This is particularly relevant in supporting the Government's commitment to develop a greater number of child and family services which provide care, education, health and family support programs from a single location.

Integrated standards will assist in improving the professionalism of all child care professionals, provide them with increased recognition and create enhanced career pathways. This may, in turn improve the retention rate of experienced professionals and attract new graduates to the education and care field.

The transition to an integrated regulatory system will require a well planned and supported approach over time to be successful. It will be important to undertake genuine consultation with different service types across the sector, and across the country, to gain their ideas and to develop an understanding of the genuine issues or challenges they may face in participating in a 'one size fits all' system. To ensure its acceptance 'on the ground', the proposed *National Quality Standard* must also be rigorously field tested prior to implementation.

## 9. Summary of responses to Productivity Commission Draft Recommendations

Productivity Commission Draft Recommendation	NCAC response
<p>3.1 The Australia Government should amend the Child Care Benefit [legislation]<sup>3</sup> so that it is clear that a service can have its Child Care Benefit approval removed if it is not accredited by the NCAC</p>	<p>As stated above in section 3, NCAC believes there is a strong rationale for the link between compliance and Child Care Benefit eligibility. Unfortunately, however, as a compliance tool this is an unwieldy stick. We recommend the exploration of alternative 'carrots' and 'stick' to encourage quality improvement.</p>
<p>3.2 DEEWR should improve both the quality of child care service information provided to parents, and the way it is delivered by:</p> <ul style="list-style-type: none"> <li>▪ making it mandatory for the NCAC to publish on its website information on child care services accreditation status (and the reasons for any 'not accredited' decision) and the Quality Profile Certificate (or quality rating) of specific child care services</li> <li>▪ publishing on its website information on those child care services that are non-compliant with Child Care Quality Assurance, including the reasons for their non-compliance, and the consequences/outcomes that have resulted from their non-compliance</li> <li>▪ providing direct links to this information on the mychild.gov.au website.</li> </ul>	<p>As stated above in section 4, NCAC is able to publish a service's Quality Profile on our website (<a href="http://www.ncac.gov.au">www.ncac.gov.au</a>) although it will take several months to build this facility into our website.</p>
<p>3.4 DEEWR should remove the requirement on the NCAC to conduct 'unannounced' validation visits of child care services, but continue with (unannounced) spot checks.</p>	<p>As stated above in section 5, NCAC supports this recommendation.</p>
<p>3.5 NCAC should replace paper validation surveys given to parents with telephone validation surveys so that child care services are no longer required to act as a survey dispensing/collection service.</p>	<p>As stated above in section 7, NCAC supports this recommendation</p>
<p>3.6 DEEWR should complete the integration of the three existing Child Care Quality Assurance systems as soon as possible.</p>	<p>As stated above in section 8, NCAC supports the integration of the three existing Child Care Quality Assurance systems.</p>
<p>3.7 NCAC and state/territory regulators should coordinate their visits to child care services as far as possible, to reduce the risk of compliance activity spiking within a specific timeframe during the year.</p>	<p>As stated above in section 6, NCAC supports increased coordination between state and federal bodies.</p>

<sup>3</sup> Child Care Benefit (eligibility of Child Care Services for Approval and Continued Approval) Determination 2000

## 10. Conclusion

NCAC understands the need to streamline a complex regulatory process and address sector concerns about the current quality assurance systems. NCAC supports the Government's reform agenda but also recognises that such major change will require sector consultation, detailed implementation planning and considerable structural and legislative change before it can be realised.

As the national organisation funded by Government to administer the current quality assurance systems, NCAC is able to assist the Government by reducing the administrative burden on services in the short term and contributing to the implementation of the wider reforms. For example by:

- Removing the family surveys and introducing other cost effective strategies for consulting with families about the quality of service provision
- Informing services of the date for their Validation Visit
- Continuing to work with state and territory licensing authorities to streamline regulatory functions.
- Providing families with more information about service quality.

For more than three years, children's services have been on the brink of change over the course of successive Governments' reform agendas. The timing of, and any new requirements placed on children's services, should take this into consideration. Any changes to the current system must be communicated carefully, comprehensively and in a timely manner.

NCAC also suggests that a staged approach is taken to implementing any new system and that there is a long lead in time to allow services to adapt to such a major change and to set services up to succeed in meeting the new requirements.