

Chapter 5

National childcare provision: the accreditation, licensing and regulation of childcare

5.1 It is clear that governments are now moving towards the construction of a national framework designed to enhance the quality and accessibility of affordable childcare. The committee notes the sector-wide enthusiasm for the work which is currently proceeding under the general direction of COAG. The committee notes also assurances given by Minister Gillard that this will be a negotiable process; it is quite aware that the issues which are most likely to be subject to negotiation will have to do with a national structure for childcare provision which maintains a state and territory role and the extent to which Commonwealth funding will be made available. As DEEWR officials told the committee, in relation to matters discussed at public information forums, 'there will be some challenges in developing and implementing the reforms in areas such as workforce and cost'.¹

5.2 The purpose of this chapter is to record and comment on the committee's findings in regard to current regulatory regimes and to recommend what it believes to be the most desirable structure for a national framework.

The COAG way

5.3 The work in progress commenced with a decision by COAG in December 2007 to pursue 'substantial reform' in early childhood education and care services, aimed at providing a 'nationally consistent, streamlined and integrated licensing and accreditation system which ensures quality standards are implemented and maintained across all services'.² The COAG discussion paper conceded that the new quality system was to be regarded as 'aspirational' and warned that it might take some time to implement the full suite of standards to the highest quality level. The committee regards this as a realistic caveat in view of some of the impressions that it gained from the evidence it received.

5.4 The committee notes that this discussion paper, and much of which has flowed from it, assumes a continuum from childcare services through to early learning at the preschool level. This accords with much of the evidence that the committee received which assumed learning to begin in infancy. COAG has agreed to five key policy directions: to improve antenatal care; to strengthen health, development and learning of infants to five year-olds; to improve the quality of the early childhood workforce; to

1 Mr Michael Manthorpe, *Committee Hansard*, 14 August 2009, p. 47.

2 COAG Productivity Agenda Working Group – Education, Skills, Training and Early Childhood Development, *A National Framework for Early Childhood Education and Care: a discussion paper*, August 2008, p. 1.

integrate early childhood education and care services; and, to increase the participation of parents in the learning and development of their children.³ If the intention of COAG is to create a seamless structure allowing transition from care to preschool to school, this will take some time because it will involve the creation of formal links which may now exist in only rudimentary or informal ways and will involve significant workforce changes relating to qualifications and remuneration. The eventual outcome will be worthwhile but will come at a cost. Inevitably, the changes that will result are more likely to reflect the compromises that are worked out at a state level rather than as a result of any Commonwealth influence.

5.5 The committee welcomes this COAG agreement and recognises that it provides a way forward to consistent national policy in a way that is supported by states and territories. However, it also recognises the potential for awkward details of policy to become subject to local pressures, hindering progress toward national goals or compromising the full realisation of those national goals. While this is certainly obvious across a number of areas in need of uniform national regulation, there may be stronger than usual grounds for optimism in regard to childcare regulation policy.

5.6 To begin with, the committee notes that recent and serious legislative work at a state level has already served to raise standards in the licensing arrangements governing factors such as staff to child ratios and qualifications of carers. Any nationally-agreed standard will benefit from a rising tide of quality expectations. Second, there appears to be a marked agreement among childcare experts across the sector about certain characteristics of quality childcare and a determination that these should apply everywhere. The pressures on state authorities to conform to the highest standards are likely to be stronger than those which would attempt to compromise them. As the committee heard in Perth:

Even now, we do not want different state-based regulations for Perth or metro and country because all children, regardless of where they are, deserve the same standard – a high quality of care.⁴

Shared regulatory responsibility

5.7 The current regulatory burden on childcare providers is considerable. A recent report of the Productivity Commission, discussed below, is critical of aspects of childcare regulation and suggests that its rationalisation should not wait for the eventual implementation of 'reform'. The state and territory licensing regimes were widely commented on in submissions and at hearings. The committee was told that, in Western Australia, for instance, a typical childcare service is subject to regulatory and licensing requirements that can involve up to 12 agencies across Commonwealth, state

3 Ibid., p.5.

4 Mrs Roslyn Thompson, *Committee Hansard*, 7 August 2009, p. 30.

and local governments and require as many as 19 different licensing and regulation requirements.⁵

5.8 Regulation of childcare is currently a shared responsibility between the states and territories and the Commonwealth. State and territory governments are responsible for licensing childcare premises according to their health and safety standards and taking account of structural features such as staff to child ratios. State and territory regulatory processes will be discussed in further detail below. The Commonwealth government accredits the quality of childcare services through the agency of the National Childcare Accreditation Council (NCAC). NCAC administers Child Care Quality Assurance (CCQA) standards and centres must meet accreditation to be eligible for Child Care Benefit (CCB), which is paid to parents but which may then be forwarded to providers.

5.9 Childcare will always be a local issue, predominantly, and while this report is looking toward an ideal national framework for childcare provisions, the focus must be local. The committee was interested to look at licensing regulations for childcare which are the responsibility of state and territory governments.

Responsibilities of states and territories

5.10 The committee has not received sufficiently detailed submissions in regard to state regulations and licensing practices as to allow it to comment on their effectiveness in regard to quality. It has relied on comments from childcare practitioners and secondary sources to make tentative observations. Table 5.1 gives some idea of the variations in licensing arrangements across states.

5 Department for Communities (WA), *Submission 67*, p. 13.

Table 5.1: Licensing arrangements in each state and territory 2008

| Service Model | NSW | Vic | Qld | WA | SA | Tas | ACT | NT |
|---------------------------------------|-----|-----|-----|----|-----|-----|-----|-----|
| Long day care | L | L | L | L | L | L | L | L |
| Occasional care | L | L | L | L | G/L | L | L | L |
| FDC agencies | L | L | L | X | G/L | L | L | X |
| FDC carers | R | X | R | L | R | R | X | X |
| OSHC | R | L | L | L | R | L | L | X |
| Home-based care | L | X | X | X | L | L | X | X |
| Other (nannies, playschools, in-home) | X | X | X | X | L | L | L | X |
| Preschool/kindergarten | L/G | L | L/G | G | G | G/R | L/G | G/R |

L: services require a licence to operate

R: services require registration or approval to operate

G: services provided by state/territory governments

X: services do not require licence, registration or approval to operate but may be required to meet regulatory standards

Source: Productivity Commission Draft Report, Annual Review of Regulatory Burdens on Business – Social and economic infrastructure services, June 2009.

Consistency of regulations

5.11 A key issue arising from the committee's inquiry has related to variations in state regulations in regard to staff to child ratios. These variations are evident in Table 5.2 below, although there have been changes in most states as described.

5.12 In past years, states have taken heed of industry pressure to maintain higher than desirable staff to child ratios and have been willing to grant exemptions from other normal licensing requirements. The committee notes that, since the issue of childcare quality is on the COAG agenda, this tendency is likely to diminish, particularly in light of the collapse of ABC Learning. While state governments may experience some continued industry pressure, this is now more likely to be resisted. Some observations about recent regulatory developments in various states indicate what the committee believes to be a national trend.

New South Wales regulation changes

5.13 Like a number of states, New South Wales is actively engaged in reviewing and revising its childcare regulation. The New South Wales Government, for instance, has announced that it will bring its 1:5 ratio for infants (up to age two) in long day care down to 1:4, in line with Queensland and Western Australia, in an amendment to

its Children's Services Regulation 2004 to be effective in 2010.⁶ This change followed extensive community consultation which indicated strong support for the need to improve the quality of care.

Table 5.2: Minimum staff to child ratios in centre-based long day care

| States and Territories | 0-2 years | 2-3 years | 3-5 years |
|------------------------------|------------|------------|-------------|
| National Standards | 1:5 | 1:5 | 1:11 |
| New South Wales | 1:5 | 1:8 | 1:10 |
| Victoria | 1:5 | 1:5 | 1:15 |
| Queensland | 1:4 | 1:6 | 1:12 |
| South Australia | 1:5 | 1:10 | 1:10 |
| Western Australia | 1:4 | 1:5 | 1:10 |
| Tasmania | 1:5 | 1:5 | 1:10 |
| Northern Territory | 1:5 | 1:5 | 1:11 |
| Australian Capital Territory | 1:5 | 1:5 | 1:11 |

Source: Report of the Expert Advisory Panel on Quality Early Childhood Education and Care, 2009.

5.14 The recent response of the New South Wales Government to quality care concerns represents a marked change in only three years. In 2006, a government-appointed taskforce recommended a phasing in of a 1:4 ratio for infant care but this was rejected in the face of minority opposition from private carers. Professor Deborah Brennan, who is a specialist in childcare policy and regulation, has written that this was the second occasion upon which private childcare operators had resisted efforts by NSW authorities to bring regulations in line with international recommendations.⁷

5.15 The website of the NSW Department of Community Services (DoCS) provides considerable information about the regulatory activity of the agency, with information about convictions of childcare centres for breaches of the regulation. The committee

6 NSW Department of Community Services, *Children's Services Regulations- Introduction of a 1:4 staff to child ratio for children under two years of age*, Available at http://www.community.nsw.gov.au/for_agencies_that_work_with_us/childrens_services/regulations/one_four_ratio.html.

7 Deborah Brennan, 'Child Care and Australian Social Policy', in *Children, Families and Communities – Contexts and consequences*, Jennifer Bowes and Rebekah Grace (eds), 2009, p. 214.

notes that 13 licensees and the names of their services are listed as having been convicted in 2009, with notes on whether the centre is still operating and whether breaches have been rectified. Five of the 13 centres prosecuted in 2009 have been closed. Websites of equivalent agencies of some other state are less informative.

Victorian regulation changes

5.16 The Victorian Government also conducted a review of its childcare regulations in 2007-08, involving comprehensive public consultation. Amendments to the Children's Services Regulations which came into effect in May 2009 introduced important changes which may affect the outcome of future COAG decisions on quality standards. These include an improvement in the staff-child ratio for infants (up to age three) which is now to be 1:4. This was supported by the vast majority of those involved in the consultation groups. The government decided not to change the current ratio for children over three years of age, for which there was not strong support, partly in recognition that this would be a matter to be decided later by COAG.

5.17 Equally significant are the new qualifications requirements for new staff in Victorian childcare centres. The regulation requires a minimum of a Certificate 3 qualification by the beginning of 2012. Carers with at least five years' experience are exempt from this requirement on condition that they undertake specified professional development by 2012. The Minister explained that this was a first step in creating a professional workforce, with the possibility that carers would be given a career path. Additionally, all standard licensed centres with pre-kindergarten children would need to employ a degree-level early childhood teacher, although this requirement would be phased in.⁸ The committee sees this decision as having a likely influence on an eventual COAG agreement.

Regulation in Western Australia

5.18 The committee was several times reminded during its visit to Perth that Western Australia had the most stringent regulatory regime for childcare. Recent changes to regulations in other states put this claim in doubt, although it is still the only state to license individual family day care providers.⁹ Every centre is visited annually and spot checks are made when complaints are received.¹⁰ The committee notes that Western Australia has not allowed the sparseness of its population in areas beyond the south-west to reduce its commitment to quality care provision. Concerns

8 Hon Maxine Morand MLA, Minister for Children and Early Childhood Development, *Children's Services Regulations 2009 - Statement of reasons*, Victorian Government, 2009. Available at

http://www.eduweb.vic.gov.au/edulibrary/public/earlychildhood/childrenewservices/childservregs2009-statmnt_of_reasons.pdf.

9 Ms Helen Creed, *Committee Hansard*, 7 August 2009, p. 2.

10 Mr Jonathon Pilkington, *Committee Hansard*, 7 August 2009, p. 10.

were expressed by the Head of Children and Family Services that, in the event that there was conflict over standards in interstate discussions, Western Australia would be under pressure to lower its standards.¹¹ In view of recent and stringent improvements to regulations in other states, the committee believes the risk of this is diminishing.

5.19 Like Victoria, Western Australia is moving to strengthen its regulation on the qualifications of childcare workers. In 2008, the Department of Communities conducted two surveys to collect data on qualifications currently held by childcare workers. It found that around 65 per cent of them held the minimum qualification of a Certificate 3 and a further 12 per cent were working toward this qualification. Over 80 per cent of childcare supervisors held a diploma-level qualification. The Department recommended that the Certificate 3 be required for all carers in all services except OSHC and that this requirement be phased in over five years. Experienced carers aged over 45 should be exempt, apart from a requirement to undertake less formal professional development.¹²

Regulation in Queensland

5.20 Amendments to childcare regulations in Queensland which took effect at the end of 2008 addressed training deficiencies. Sector-wide consultation of parents and carers (and other interested parties) indicated concern that newly-recruited carers were avoiding the training obligations imposed on them. The base qualification is a Certificate 3 but carers may be recruited without this qualification if they agree to commence a training course. It is believed that some carers were avoiding this obligation by changing centres. Changes to the regulations mean that carers must commence training within three months rather than six months. Concerns were also expressed about a similar reluctance of those in more responsible positions upgrading their qualifications to the required diploma level but no tightening of the rules was made in this case.¹³ The committee notes that even minor changes such as this represent a commitment to improved quality in childcare delivery.

South Australian practices

5.21 South Australia is moving to a 1:4 staff to child ratio for infants (up to age two) by the end of 2010. The state's staff-child ratios for other categories of care are comparable to other states, except for two to three year-olds where the ratio is less

11 Ibid., p. 5.

12 WA Department for Communities, *Report on Qualifications of the Child Care Sector – Western Australia 2008*, Government of Western Australia, 2008. Available at <http://www.communities.wa.gov.au/NR/rdonlyres/BF46E609-084B-4218-9D93-492664FDC105/0/2008SurveyReportBW.pdf>.

13 Qld Department of Communities, *Qualifications Review – Results of consultations and review of the qualifications provisions for licensed child care services in Queensland*, Qld Government, August 2007. Available at http://www.communityservices.qld.gov.au/childcare/cclegislation/documents/pdf/qualifications_report.pdf.

favourable. As in other states, qualifications standards are being raised. Other aspects of childcare in South Australia appeared to the committee to be more relevant to quality in that they point the way toward the ideal of integrated and seamless care and education transitions.

5.22 The committee notes that the South Australian Department of Education and Children's Services directly operates childcare in remote areas of the state where mainstream childcare provision is impractical. Nearly 4 000 children in the state, or about 10 per cent of those in long day care, therefore have an unusually seamless transition from childcare to preschool and on to school.¹⁴ This may partly explain the South Australian Government's strong commitment to integration of childhood services, which appears to the committee to be more enthusiastically expressed than in submissions from other states. The South Australian Curriculum Standards and Accountability Framework forms the basis of teaching and learning for all children from birth to 18 years in all state schools including preschools. COAG's Early Childhood Development Steering Committee reports that 70 per cent of childcare centres in the state claim to base their programs on this curriculum.¹⁵

Tasmania

5.23 Tasmanian witnesses at the Hobart roundtable hearing expressed strong support for the state regulatory authority, and for its retention in any national regulatory framework. One witness said she strongly supported a new national framework but wanted it run from a state level.¹⁶

5.24 The most serious problem of regulation referred to in Tasmania concerned the quality of training. The committee is aware that this problem is hardly confined to Tasmania and that the concern extends far beyond training in childcare but it is worth noting here. The committee was told that a high number of carers in qualified positions in Tasmania are not qualified and work by way of exemptions to the qualification rules. The quality of training by some Registered Training Organisations (RTOs) is poor, with the more unscrupulous operators selling diplomas for \$900.¹⁷ The committee views this as a serious problem which has implications for the overall quality control in the VET sector and the commitment of the states to the enforcement of high standards.

14 Mr Chris Robinson, *Committee Hansard*, 22 July 2009, p. 48.

15 SA Government, *Submission 79*, p. 14; see also DEEWR, 'Regulation Impact Statement for Early Childhood Education and Care Quality Reforms - COAG consultation RIS', July 2009, p. 56.

16 Mrs Susan Nolan, *Committee Hansard*, 20 July 2009, p. 25.

17 Mrs Tracey Bradley, *Committee Hansard*, 20 July 2009, p. 30.

The National Childcare Accreditation Council

5.25 Commonwealth involvement with childcare and its accreditation is maintained through the National Childcare Accreditation Council (NCAC). The NCAC maintains a stake by way of CCB which is paid in respect to children in the 9 600 long day care centres around the country. The NCAC, established in 1993, administers the set of standards which are embodied in the CCQA, the result of extensive and continuing consultation between the Council and the sector participants. It originally concerned itself only with long day care because of the link to CCB but has more recently taken on responsibility for the administration of the three CCQA service-type systems comprising family day care, outside school-hours care and long day care. The committee notes that the Productivity Commission recommended to DEEWR that the three service-type systems be integrated for the sake of simplicity, as proposed by NCAC.¹⁸ The authority held by the NCAC lies with its power to grant and withdraw accreditation. In theory, its recommendations can effectively close a centre down through the denial of CCB funding.

5.26 NCAC employs 100 validators in the field to conduct spot-checks on childcare centres. Once every two and a half years, centres are accredited by means of a self-assessment process followed by one inspection which, since 2006, is made unannounced. Spot-checks are also made in the event that a complaint has been received. Centres are given 12 months to rectify any deficiencies that are found. As one critic pointed out, a centre could have a serious problem in regard to the quality of its care for three years before the NCAC alerted parents to the fact.¹⁹ Critics point to a serious limitation of the NCAC's remit; its accreditation assessment does not cover the vital quality indicator of staff to child ratios, which is a matter for state and territory regulation.²⁰

Adequacy of the accreditation process

5.27 The committee notes the paradox presented by the general agreement that the regulatory regime for childcare centres, imposed by both Commonwealth and state-territory agencies, is both burdensome and inadequate. The committee was informed that a range of agencies and government bodies perform childcare-related functions, including state-based agencies, Centrelink, DEEWR and the NCAC.²¹ The Productivity Commission has noted that 'the industry' suffers from significant

18 Productivity Commission, *Annual Review of Regulatory Burdens on Business: Social and economic infrastructure services*, June 2009, p. 95.

19 Barbara Pocock and Elizabeth Hill, 'The Childcare Policy Challenge in Australia', in E. Hill, B. Pocock and A. Elliott (eds), *Kids Count: Better early childhood education and care in Australia*, 2007, p. 22.

20 Emma Rush, 'Employees' Views on Quality', in E. Hill, B. Pocock and A. Elliott (eds), *op.cit.*, p. 157.

21 Ms Rosalie Rogers, *Submission 28*, p. 4.

regulatory overlap and duplication between Commonwealth and state legislation and notes that COAG has undertaken to remove these by mid-2010.²²

5.28 An instance of ineffective regulation at the Commonwealth level has been the extreme reluctance of DEEWR to effectively enforce the CCQA standards when they have been breached. The ultimate sanction available to DEEWR is to withdraw accreditation (on the recommendation of the NCAC), rendering users of non-compliant centres ineligible to receive CCB payments. While it is the case that effective action can be taken that does not go to these lengths, the Productivity Commission was strongly critical of the prevailing attitude which appeared to be that the consequences of withdrawing accreditation were too drastic.

It is important that the sanctions outlined in the regulations are credible. If sanctions are not utilised in an appropriate manner poor performers will have less incentive to improve the quality of their services and at the same time the authority and credibility of NCAC accreditation decisions are undermined. It also imposes costs on complying providers without meeting the policy objectives of the regulation.²³

5.29 Evidence to the committee from the NCAC gave another complexion to this problem. It confirmed the Productivity Commission view that sanctions were not in the mind of NCAC or DEEWR lest accreditation be lost. NCAC saw its task as working with the errant centre to bring it up to standard. Parental and media pressure was useful in some cases to achieve improvements.²⁴ The sanction of removing accreditation from non-complying centres, rendering them ineligible for the CCB, was described by the CEO of the National Childcare Accreditation Council as 'a huge stick' and a 'blunt instrument'.²⁵

It has not, except for two instances, ever been applied to a childcare service. We have had centres that were three and four times not accredited and they did not have their childcare benefit removed. I had serious reservations about the long-term effect of those services where it was a child's lifetime in care in a very poorly performing service...The childcare benefit instrument is such that you have to remove the funding from the family, so you are actually hurting the families, not the service. That is not necessarily a good instrument for its intent.²⁶

5.30 The NCAC is aware that it is administering a quality assurance system 'that sits on a very uneven regulatory base'.²⁷ It noted the work that was underway to streamline licensing and accreditation, with the intention of having a uniform national standard.

22 Productivity Commission, *op. cit.*, p. 73.

23 *Ibid.*, p. 83.

24 Mrs Denise Taylor, *Committee Hansard*, 7 August 2009, p. 18.

25 *Ibid.*, p. 21.

26 *Ibid.*

27 *Ibid.*, p. 15.

The committee was told of the advantage of having one national body to implement quality standards in regard to 'on-the-ground delivery'. Care services and care centres reported that it is difficult having to report to two bodies which may in some instances require the same information.²⁸

5.31 As noted earlier, NCAC has no powers of its own to enforce its standards, a role which passes to DEEWR on the recommendation of NCAC. Sanctions against non-compliance to be imposed by DEEWR are in practice a ministerial discretion and, for that reason, appear to have been seldom exercised. More significantly, the Commonwealth assumes no planning of childcare provision (nor do the states) and leaves to the states the two crucial structural determinants of childcare quality: carer qualifications and staff to child ratios. Until the need for sector planning is agreed at the national level, together with desirable minimum staff qualifications and staff-child ratios, the CCQA standards, as they currently stand, will continue to be of limited value and effectiveness.

5.32 The committee believes the current accreditation arrangements to be inadequate and in need of strengthening. The committee notes criticisms made of the NCAC but believes that these criticisms reflect its currently restricted role and the narrow legislative basis for the regulation of childcare at the Commonwealth level. The Productivity Commission noted what it believes to be improved performance by NCAC in its quality assurance measures, due in part to improved inspection arrangements and improved national consistency in accreditation. Childcare centres appear to have increasing confidence in the validity of NCAC processes.²⁹

A new national childcare authority

5.33 The committee found overwhelming support for the COAG decision to move toward the establishment of a national childcare authority. It believes that such a body should benefit from the institutional experience that has already been accumulated through the NCAC but that a new childcare authority should operate separately from the NCAC. Accreditation should remain the responsibility of the NCAC. The committee believes that it is more appropriate to separate the processes of accreditation and oversight as well as planning.

5.34 In short, a new national authority established under Commonwealth legislation within the portfolio of the Minister for Education, Employment and Workplace Relations should be representative of the diversity of the sector. The authority should be appointed by the Minister on advice from the minister's state and territory counterparts and other stakeholders. It should be representative of national, regional and local interests; it should promote best practice quality childcare based on research findings; and it must determine accreditation guidelines and the regulatory and

28 Ibid.

29 Productivity Commission, *op. cit.*, p. 101.

enforcement regimes and processes which ensure that the standards that it sets are met.

5.35 The committee believes that a new national childcare authority should concern itself with policy and planning, with due regard for equity and quality, and should recommend expenditure priorities in line with this role. The management of funding should remain the responsibility of the Office of Early Childhood Education and Childcare within DEEWR.

5.36 It was put to the committee by a Queensland Government official that the Commonwealth should assume all responsibility for the planning and shaping of childcare provision and that a national childcare organisation should be formed around or borne out of the Office of Early Childhood Education and Childcare.³⁰ The committee believes that vesting this power in a mainline department like DEEWR or in the NCAC is inappropriate. Commonwealth departments and mainstream agencies have functions which do not fit the circumstances whereby services are provided locally and by a diverse set of operators, most of them independent operators and small businesses.

5.37 While Commonwealth agencies do contract for expert advice, and DEEWR's use of consultants is extensive, decisions can only be made by the Minister. The proposal that DEEWR administer a 'representative stakeholder body' does not appear to the committee to be a sound idea. Some sector participants would regard the possible political implications with suspicion. The committee argues that in the case of childcare policy, once legislation is passed, a statutory authority would operate more efficiently and, given that it had certain powers, would function with more freedom to exercise its discretions without undue influence.

5.38 As an instance of this, any de-accreditation sanction currently contemplated by DEEWR to enforce standards requires the support of the Minister. It would be expected that any threat to the continuity of care of 30 or more children could pose a problem for a minister in exercising a discretion to effectively shut down a centre. The committee finds it difficult to believe that there would not have been sufficient grounds for this to occur even once over the past five years.

5.39 Establishing a statutory body at arms-length from departmental operations and vesting it with the power to set standards would clearly indicate to the sector that oversight and planning of childcare proceeded separately from accreditation and regulatory processes. It would strengthen the confidence of parents in quality standards as well as the integrity of the oversight process.

30 Ms Lesley Penrose, *Committee Hansard*, 15 July 2009, p. 4.

Making national standards work

5.40 The principal task of a new national statutory body is to determine national standards of childcare and to recommend policy to COAG in regard to such matters as progress towards integrated children's services and early childhood education and care generally. In regard to standards of care, the view of the committee is that it should not prove to be difficult to agree on minimum standards for the key measures and influences of quality childcare delivery. Staff-child ratios for infants are now within the internationally-recognised desirable limit in the most populous states. Initiatives at the state level, as described earlier, are also raising the qualifications required of carers.

5.41 Notwithstanding the readiness of state and territory authorities to improve their licensing oversight and to raise standards, noticeable improvements cannot be expected in the short term because, as discussed in chapter four, there are problems relating to staffing, training and other quality issues that cannot be properly addressed without practical measures to improve funding for the sector. Agreement to high minimum standards will have limited effect unless carers are more generously paid. Yet, governments will need to ensure that childcare remains affordable. Any resultant rise in childcare fees will require decisions about an increase in CCB and will tax the ingenuity of governments about how best to provide direct funding to the sector. The committee considers that the question of funding and the extent to which it should be shared between parents, the Commonwealth and the states is a far more difficult policy issue than how to streamline the childcare regulatory structure to include agreed national standards along with the continuation of state-based compliance arrangements.

5.42 The committee considers that the role of a national authority in setting and ensuring uniform standards of childcare should include:

- leading, motivating and encouraging, in the shared task of enriching early childhood development, the common interests of participants in the childcare sector including parents, a diverse range of childcare centre operators, local communities and governments;
- negotiating, promulgating and enforcing the standards that are agreed between high-level representative stakeholders;
- administering a regulatory regime in which the national authority would audit the financial viability of operators, while delegating licensing and some levels of audit responsibility to state and territory agencies and local government bodies with appropriately delegated powers to enforce compliance as currently exist;
- maintaining continued research into what provides the most satisfactory developmental experiences for young children and disseminating research findings to carers at all levels across the sector;

- overseeing training standards for those in early childhood learning, with particular emphasis on monitoring the quality of courses offered by RTOs in initial training, in bridging courses and in professional development; and
- advising the Minister on childcare policy and recommending expenditure priorities in line with its planning and oversight of quality delivery roles.

5.43 The committee believes that these responsibilities to be undertaken by a national body would satisfy a number of concerns which it heard expressed during its inquiry.

Authority, direction and cohesion

5.44 First, it would address the need to have a body which would act as a unifying authority. It would be a representative body in that the Minister would appoint to it people from across the sector capable of making an informed contribution to national policy as a result of their experiences. This might include people of the kind that are currently on the board of the NCAC, in addition to childcare proprietors and academics.

National but local

5.45 Second, the authority would need to administer the sector federally. Childcare is local. Aside from funding, the needs of local childcare planning, provision and operation ought to be matters for state and local government. A childcare centre in Perth should not be run from Canberra. Current accreditation processes appear to be run effectively by NCAC and the committee heard no serious complaint about state licensing arrangements. The Productivity Commission has identified some regulatory overlap between state and Commonwealth quality measures. Eliminating this overlap should be a high priority for a new authority but it is scarcely a difficult task.

Planning for a balance of supply and demand

5.46 Third, while planning is local, the planning policy should be national in the interests of equity and consistency. Childcare is a service even though in most cases it is run as a business. The new authority must rely on the manipulation of an imperfect market to ensure stability and accessibility and on regulation to ensure quality. An integral part of planning is the intention of ensuring a balance between supply and demand for childcare places. A legacy of past and current planning deficiencies in regard to supply and demand for places has resulted in the government handing to NCAC the task of providing instant updates on childcare vacancies. This imposes heavy regulatory burdens on providers and needs to be addressed by a body which is not subject to sudden ministerial promises.

Quality environments for care and learning

5.47 Planning, research and guidance should also extend to matters like childcare centre design and ambience, ensuring that there is adequate space that is appropriately designed for young children to learn through physical and sensory activities.³¹

Application of research

5.48 Fourth, good building design and learning environment practice is only one likely gain from a national system. Nationally co-ordinated research and nationally recognised good practice in early learning experience and care is easier to disseminate through a more cohesive sector.

Training for quality care

5.49 Fifth, a national childcare authority should be able to influence the curriculum for the training of early childhood teachers and carers. This committee is aware of dissatisfaction with teacher training in universities and it is aware of even more serious deficiencies in the quality of teaching in the VET sector, where many childcare courses are taught. The advent of a tide of RTOs, set up for the purpose of exploiting the market for short-term bridging and upgrading courses in all fields of skill, has resulted in uneven quality of outcomes. As noted earlier in this chapter, childcare learning is reportedly affected. A national childcare authority would influence improvements in training.

Supervisory oversight of a childcare operator's financial position

5.50 Finally, to ensure that operators, especially those with a fair degree of market share, are managing their businesses or their centres with sound accounting practices and due regard for the common good, a new authority should monitor unusual or irregular business behaviour and refer cases to ASIC or some similar agency when it believes it to be necessary.

Recommendation 8

5.51 The committee recommends to the government the establishment of a new statutory body, widely representative of the sector, for the purposes of advising the Minister on childcare policy and its implementation, with powers to oversee a uniform regulatory regime operating across states and territories.

Recommendation 9

5.52 The committee recommends that, in the interest of greater transparency and accountability, the new statutory childcare body be responsible for the following:

31 Play Environment Consulting Pty Ltd, *Submission 49*, pp 6-7.

- **working with stakeholders to create a policy agenda which outlines priority areas, benchmarks and targets to be achieved in the area of early childhood education and care;**
- **publishing an annual report which:**
 - (a) **outlines the progress being made in these priority areas;**
 - (b) **details how Federal Government funding is being spent, especially by state and territory governments;**
 - (c) **details the state of the early childhood education and care sector including vacancy data, numbers of children with additional needs, information on staff, costs, usage, and other information that is already collected by Commonwealth Government agencies.**

Recommendation 10

5.53 The committee further recommends to the government that this recommendation be taken to COAG for its consideration, particularly in view of the need to establish within the national body clear lines of responsibility between national, state and local obligations in regard to regulation and compliance.

Senator Gary Humphries

Chair

Liberal Party

Senator Gavin Marshall

Deputy Chair

Australian Labor Party