

**Association of Independent  
Schools of Victoria Incorporated**

**Submission to**

**Council of Australian  
Governments' Early Childhood  
Development Steering Committee**

**on the**

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

**8 September 2009**



20 Garden St, South Yarra, Vic 3141  
P.O. Box 2138, Prahran, Vic 3181

T: (03) 9825 7200 F: (03) 9826 6066  
E: [aisv@ais.vic.edu.au](mailto:aisv@ais.vic.edu.au) W: [www.ais.vic.edu.au](http://www.ais.vic.edu.au)

A0009210H ABN 44 711 074 857

## **About the Association**

The Association of Independent Schools of Victoria was established in 1949 to represent, promote the interests of, and provide services to, Victorian independent schools. More than 98 per cent of all independent schools in Victoria are members of the Association and Member Schools enrol more than 99 per cent of all independent school students in Victoria. The Association's membership includes 215 independent schools, educating more than 120,000 students.

The Association provides services and products to enable schools to support their students in the changing educational environment. As Member Schools are individual legal entities, the Association is not a system authority but a not-for-profit service organisation to its membership. As part of this role, the Association represents the interests of its Member Schools to governments and the community on a wide range of issues.

In recent years, the Association has defined itself as a policy leader, underpinned by a strong research agenda and an evidence-based-approach to improvements and developments in the education sector. The Association has been instrumental in innovative approaches to educational reform, has trialled and piloted several significant projects and is now recognised as an important contributor to state, national and international educational thinking and practice.

## **Reasons for this Submission**

This submission to the Council of Australian Government's (COAG) consultative Regulation Impact Statement (RIS) for Early Childhood Education and Care (ECEC) Quality Reforms, is motivated by the Association's desire to provide input into the proposed changes to the ECEC sector under the National Reform Agenda, which will have an impact on the Association's Member Schools.

The Association represents over 100 ECEC services, providing over 5800 registered places for early-years learning, which are attached to Member Schools as Early Learning Centres (ELC).

The services provided by Member Schools ELCs are of a higher quality, and of a more consistent standard than other providers in the sector. This has arisen through the very attachment that these facilities have with schools, which in the competitive environment of Independent education, must provide services and facilities that are designed to create better learning environments for their students.

The Association is concerned, however, that COAG's consultation RIS fails to acknowledge the vital role that ELCs play in early-years learning, with the language of the agenda being directed towards long day care provision, and preschools. Whilst ELCs may include many shared components with them, and may even incorporate long day care provision, they still continue to be unique in their structure and provides impetus to the Association's position in this submission.

It is vital that any changes that the National Reform Agenda to the ECEC sector are aware of the education provision in ELCs, and that COAG keeps an open mind when setting the future direction of early-years learning.

## **Definitions**

COAG – Council of Australian Governments

RIS – Regulation Impact Statement

ELC – Early Learning Centres

UA – Universal Access Commitment

LDC – Long Day Care

ECEC – Early Childhood Education and Care

## **Regulation Impact Statement Consultation Guidelines**

This consultation RIS has proposed reforms under the National Quality Agenda for ECEC for consideration by COAG. This RIS has been prepared in order to elicit views from a range of stakeholders who may be affected by the proposed reforms, prior to the development of final recommendations for COAG.

Feedback provide by stakeholders 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.

Stakeholders can provide comment on the 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 DEEWR website (at [www.deewr.gov.au](http://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](http://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 received. Written submissions should be e-mailed to [ECECQualityReformSubmissions@deewr.gov.au](mailto:ECECQualityReformSubmissions@deewr.gov.au) or posted to:

Ms Joan ten Brummelaar  
National Early Childhood Development Steering Committee Secretariat  
Department of Education, Employment and Workplace Relations  
(L1, 17 Mort St – C17MT1)  
GPO Box 9880  
CANBERRA ACT 2601

### *Consultation Questions*

#### **National Quality Standards and Ratings Framework**

1. Governments are proposing to implement consistent minimum standards of care across Australia. Do you agree with this approach? Why or why not?
2. For each care type, which of the options set out in Chapter 5.3 do you believe would best achieve a good balance between meeting the government's objective of enhancing learning and development outcomes for children, and affordability for parents, and why?
3. Do the proposed standards address different cultural and diversity requirements and considerations adequately? If not, do you have any suggestions for how the standard could be further improved?

4. What would be the impacts of changes to FDC arrangements?
5. What would be the impacts of the proposed changes to staff qualifications on services, particularly small, or rural or remote services?
6. Do you think the proposed quality rating system would be an effective indicator of service quality?
7. Would the quality rating system help to drive continuous improvement in the ECEC sector? If not, do you have any suggestions for how the quality rating system could be further improved?
8. What criteria do you think should be used to rate a service as Excellent? How should the rating be assessed and by whom?

### **Licensing and regulatory arrangements**

9. Do you think integrating the existing regulatory arrangements will reduce costs for the industry and for governments? Do you think this approach will be sufficient to ensure ECEC provided is high-quality?

### **Implementation**

10. What do you consider to be the key advantages and disadvantages of the proposed reforms?
11. What do you consider to be the key challenges associated with the implementation of the proposed reforms?
12. What factors may impact on the ability of ECEC services to implement the reforms?
13. What transition arrangements do you consider appropriate for implementing the proposed staff-to-child ratios and staff qualifications?
14. What is the overall impact of the proposed changes on you and what would be your response?

## **Structure of the Submission**

The Association's submission will address those questions as outlined in the RIS Consultation Guidelines which are pertinent to the Association's Member Schools. The Association will also raise other issues that it feels are relevant in relation to COAG's proposed changes.

The submission will be structured as follows:

1. National Quality Standards and Rating Framework
2. Licensing and Regulatory Implementation
3. Related Concerns
4. Recommendations

## 1. National Quality Standards and Ratings Framework

### *Nationally Consistent Standards*

Whilst in agreement with COAG's recognition of the need to reduce the excessive bureaucratic standards in ECEC, the Association of Independent Schools of Victoria does not believe that the imposition of national standards on the sector will necessarily improve the quality of learning opportunities to Victorian students in Early Learning Centres at Independent Schools.

Independent School ELCs operate at a higher and more consistent standard than other providers in the sector, including state and local government, and private operator competitors. This consistently high standard has come about through the very attachment that these ELCs have with schools, which, in the competitive environment of Independent education, must provide facilities and services that not only meet stringent guidelines, but are designed to create better learning environments for their students.

The Association is concerned at the very nature of the reforms in the National Quality Agenda. The proposed ECEC Quality Reforms state as key objectives in Chapter 5.1 of COAG consultation RIS:

*- To build a high-quality, integrated national quality system, including a quality assurance system, for early learning and care that takes account of setting, diversity of service delivery, and the age and stage of development of children, while supporting the workforce participation of families*

*- To enhance learning and development outcomes for children in different care settings, with an initial focus on early learning in the years prior to formal schooling.*

Independent School operators would content that the learning and development opportunities for young Australians provided in ELCs are paramount, and do not play a secondary role to development of a quality assurance system.

Given the nature of ELC providers in the Independent School sector, the Association believes that true national reform would be the removal of government intervention and regulation in the sector, primarily:

- the Australian Government's administrative intervention into the ECEC sector, in the form of the National Childcare Accreditation Council. Allowing further intervention by the Australian Government, at a cost to the Association's Member School providers, and subsequently to parents, both as consumers and taxpayers, is grossly unfair, particularly when these parents may be exempt from the Child Care Benefit and the Child Care Tax Rebate (the Association would also seek that this disparity be addressed by policy makers on the matter of equality for all early-year students).
- the Victorian Government's role as regulator and licensor of service providers. Whilst ELCs receive token government funding, the Association is concerned that as the "umpire" in regulatory disputes, as well as a service provider, the Victorian Government is placed in an unorthodox position that has the potential to jeopardise the commercial aspects of the sector.

Ideally, the Association requests that consideration be made for a move towards self-regulation for the ECEC sector. This would allow all childcare providers to be treated equally, and encourage greater competition within the sector, in turn driving both quality and higher standards in service provision, as well as lower fees. It is only through this type of regulation

that the sector would better be empowered to balance the needs of children, parents, operators and owners.

### *National Quality Standard Options for Long Day Care and Preschool*

The Association acknowledges the importance of ECEC in the development of young children, and actively supports Member Schools currently operating ELCs. Our provision of these services must remain competitive to increase quality standards, but also provide greater access for parents and families.

To that end, the Association endorses **Option 1 – Baseline** in relation to **Long Day Care and Preschool** services, and recommends its adoption as COAG's policy in relation to Chapter 5.3 of COAG's consultation RIS.

Option 1 provides **no COAG policy change in relation to staff-to-child ratios and staff qualifications.**

This option provides a number of benefits to children, parents, operators and owners. These include:

- individualised learning opportunities for students
- self-determination in the ECEC matters for states and territories within jurisdictions
- lower compliance costs, which in turn provides lower fees for parents as consumers, as well as savings for Australian taxpayers

It is of some concern that comment is sought in this consultation on teaching qualifications when the details relating to ECEC and curricula has been lacking. It is difficult to rationalise an increase in staff qualification levels without this information. However, in Victoria, staff will be required to have a minimum Certificate III level qualification by 1 January 2012. By choosing this as a minimum qualification, a distinct level of student care can be administered, and there is a greater equity of access to courses for early childhood carers in real terms, including availability to places and costs associated with study.

The Association is also concerned about the meaning of the consultation RIS's language surrounding quality in teaching. Whilst the causal links between quality teaching and student performance cannot be ignored, COAG's approach seems to empower governments to remove or take away the responsibility of parents to raise their children. Representing Member Schools whose consumers have made a conscious decision to enrol in Independent ELCs, the Association would advise governments to be cautious removing from parents the fundamental freedom of choice in education matters.

### *Rural and Regional Services*

The Association believes that the proposed changes to staffing qualifications in Options 2-4 of the RIS consultation document will have a deleterious impact on rural and regional services.

Lack of facilities and access to courses in rural and regional areas is also of concern to the Association's Member Schools. New students and up-qualifying staff will need to travel to larger regional centres or to metropolitan providers for their training. This will impact ELCs in two ways:

- a. Removing already qualified teachers for further training will impose untenable burdens on both the education quality of students attending rural and regional ELCs, as well as the commercial viability of these centres.

- b. New students considering taking ECEC as a career may consider moving away from home as economically unviable, or those that choose to leave may not return after concluding their studies.

The Association believes that COAG should take these factors into account in order to make appropriate decisions regarding staffing availability as well as.

It would be prudent to note that different levels of government have already raised these concerns:

- the Parliament of Victoria Education and Training Committee recently completed an inquiry into the *Geographical Differences in the Rate in Which Victorian students Participate in Higher Education*.
- the Australian Senate and Rural and Regional Affairs and Transport Committee is currently conducting an inquiry into *Rural and regional access to secondary and tertiary education opportunities*.

COAG may wish to consider the recommendations of these committees before making any decisions on changing staffing qualifications.

### *Rating Systems*

Chapter 6.4 of the COAG consultation RIS concedes the following:

*... it is not possible to complete a full cost-benefit analysis for the National Quality Standard options, given there are a range of benefits of the reforms that are not able to be quantified to an acceptable level of certainty. Likewise, there is uncertainty around the relative size of social versus private benefits from higher ECEC...*

Bearing this in mind, the Association has grave concerns about the viability of COAG's approach to ECEC, and even questions the validity of the consultation process when value cannot be quantified by those governments seeking to address the issue.

To that end, the Association recommends that **Option 1: No COAG policy change** in relation to the **Quality Rating System** be adopted as the early childhood education and care reform agenda.

This option maintains the status quo, and retains the *Quality Profile Certificate* from the National Childcare Accreditation Council, in which a provider's performance is graphed against each quality area.

By their very nature, Independent school ELCs must provide a high quality of service. If ELCs expect parents to pay full cost recovery fees for services, then those (often substantially subsidised) services must be of better quality than those services around it.

Ultimately, the Association believes that parents are in the best position to determine the quality of service received in ELCs. It is not by offchance that students attend services provided by Independent schools, regardless as to whether "parents may view the benefits of child care in different terms to experts in the field" (pg. 9, COAG consultation RIS).

## 2. Licensing and regulatory implementation

### Costs

The Association is concerned that the integration of regulatory arrangements for the ECEC sector will place an unreasonable financial burden on both providers and government, which will ultimately fall on consumers, both as users and as taxpayers.

The Association takes a great deal of offence to the arguments presented by COAG in relation to the costs of compliance. Whilst the COAG consultation RIS indicated that,

*No firm conclusions can be made regarding who will bear this increase in cost. Some of the increase in cost will be met by government through existing funding or subsidy arrangements... The extent to which services would pass on the full cost of fees to parents is difficult to determine. (pg. 36)*

it also examined, in Chapter 6.7, the potential impacts on service supply and demand.

The consultation RIS stated that whilst international research “shows that demand for child care is ‘inelastic’ (that is, it does not vary significantly) when costs rise... research (also) shows that child care demand in Australia is particularly unchanged by cost increases” (pg. 41), and that the current nature of the ECEC market “suggests that services providers can pass on a large proportion of the costs incurred by increasing fees” (pg. 40).

COAG also concedes that,

*The other key issue for services is whether the reforms alter their capacity to compete on price. At present, industry regulation has a major bearing on operating costs, with minimum staff to child ratios meaning services have limited degrees of freedom with which to control costs. This will remain under the National Quality Agenda... (pg. 41)*

but that compliance costs are “unlikely to vary significantly from the baseline” (pg. 41).

Disturbingly, this is contrary to the data provided in the consultation RIS. In table **6-1: Real costs of options for reform to the National Quality Standards (\$Millions)** (pg. 34), it is clear that the reform to standards will already cost \$1,108.3 million, more than doubling for Options 2 and 3, and tripling if Option 4 is chosen (see below):

Quality Standard Option	10 year Net Present Cost (\$m)
Option 1 – Baseline	
- LDC	1,108.3
- Preschool	0.0
Option 2	
- LDC	2361.5
- Preschool	31.4
Option 3	
- LDC	2355.3
- Preschool	332.3
Option 4	
- LDC	3265.7
- Preschool	473.3

Table 6-2 (pg. 35) indicates the increase in the real cost per child per day over the next ten years:

Quality Standard Option	Year – amounts in \$s									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Option 1 – Baseline										
- LDC	0.88	1.79	2.11	2.44	2.70	3.03	3.18	3.36	3.58	3.84
- preschool	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Option 2										
- LDC	1.49	2.99	3.93	4.92	5.55	6.23	6.60	6.94	7.36	7.86
- preschool	0.24	0.50	0.79	1.11	1.48	1.91	2.39	2.58	2.80	3.01
Option 3										
- LDC	1.66	3.29	4.24	5.20	5.82	6.29	6.60	6.94	7.36	7.86
- preschool	0.28	0.58	0.92	1.30	1.73	2.23	2.39	2.58	2.80	3.01
Option 4										
- LDC	2.71	4.14	5.55	7.02	7.87	8.72	9.46	10.14	10.89	11.70
- preschool	0.59	1.23	1.92	2.67	2.79	2.94	3.12	3.29	3.50	3.74

By their nature, Independent schools are not-for-profit entities. If staff-to-child ratios and teacher qualification changes are implemented for ELCs, the costs involved will have to be passed on to parents as higher fees.

Should higher fees be implemented, the higher costs, regardless of Australian Government tax rebates, may price some consumers out of the Independent school ELC market, fundamentally limiting the choice of parents, but also placing greater burdens on other market providers with the potential influx of students.

The Association is also concerned that the costs quoted in COAG's consultation RIS which ignores the further implementation costs of the Australian Government's *Early Years Learning Framework*. This will undoubtedly increase costs for providers, and consequently, the costs for market consumers.

To that end, the Association recommends that **Option 1: No COAG policy change in regulation** is adopted in relation to **enhanced regulatory arrangements** to the ECEC sector.

This option allows for states and territories to continue to regulate child care through their own regulatory and licensing systems.

The Association acknowledges that this will continue the practice currently in place of supplying two sets of data each to the Australian and Victorian governments. The Association would note that its proposal to removed federal government involvement in the ECEC sector would serve a far greater purpose to cease these burdens on ELCs and other childcare facilities.

### 3. Related Concerns

#### *Achieving Key Objectives*

The Association firmly believes in the value of ECEC, and strongly supports Member Schools currently involved in the education of young students.

However, the Association is concerned about the national productivity value to be derived from pursuing COAG's National Reform Agenda for the ECEC sector.

As mentioned previously in this submission, the Association has grave reservations about the objectives of the Agenda, when learning outcomes and education opportunities for students are secondary to the implementation of a quality assurance system for the sector.

Part of the first key objective is to support the workforce participation of families, yet, in Chapter 6.4.1 of the consultation RIS, while

*the benefits of increased workforce and educational participation of parents may lead to higher productivity and less reliance on welfare there is no reliable evidence to suggest that incremental increases in the quality of ECEC results in significant behavioural responses of parents (when both quality and the countervailing impacts of price are considered), including workforce participation. As a result, the benefits in terms of parent workforce and educational participation from improvements in quality are unlikely to be significantly different for each of the National Quality Standard options being considered. (pg. 39)*

The Association is naturally confused by the pursuit of this first key objective when the performance indicators of the objective cannot be ascertained, nor can the actuality of the objective taking effect.

#### *Universal Access Commitment*

The Association wishes to raise the conflict that the Universal Access commitment (UA) will have in the day-to-day running of Independent school ELCs. Whilst the Association acknowledges that the UA is separate from the National Reform Agenda, the two concepts are inextricably linked.

The current structure of the UA provides formal schooling for four-year olds for 15 hours per week, 40 weeks each year, by 2013.

Member Schools are concerned that they will be unable to meet this timeframe for their ELCs. This has arisen from the fact that schools do not sit for 40 weeks per year. In 2009, schools will operate on average, for 37 weeks.

Naturally, this will place untenable burdens on ELCs and school communities. These include:

- administration issues (school offices will be closed)
- access (use of school resources and facilities)
- safety and supervision matters (less staff on campus)
- failure to be family friendly (if there are older children in a family, they will not be in care when younger-siblings are attending ELCs)

Member Schools do not object to meeting the total hourly requirement. Indeed, many Member Schools are already involved in providing in excess of 15 hours per week, as ELCs attempt to satisfy school-timetables and parental needs.

Ultimately, the Association requests that COAG seeks to shape the delivery of ECEC in a block of total hours (minimum 600 hours per annum).

#### *Additional Staffing Matters*

There are two additional staffing matters that the Association wishes to raise.

##### a. Contractual Obligations

Member Schools will already have contracts with ELC staff. Many of these contracts will include term limits, and other requirements that may pertain to activities pertaining to involvement with the whole school. Should Member Schools be forced to change existing arrangements with teachers and carers, there are likely to be industrial relations implications that will need to be dealt with. The Association would like to see leadership from COAG as to how those schools affected might receive assistance dealing with this.

##### b. Up-skilling and Teaching Qualifications

As previously mentioned, re-skilling or up-skilling teachers and carers in the ELC environment will increase staffing costs, not only as a result of better qualifications, but also as cover during those periods where staff are required to take time off to undertake those studies.

As some staff will be required to undertake education degrees to work in the ECEC sector, there will be pressure on the Department of Education and Early Childhood Development (in the state of Victoria) to allow these teachers to be registered with the Victorian Institute of Teaching. This will involve further regulatory costs, and ensure that wages will increase. This will apply across the sector, not just in ELCs.

#### *Consultation Process*

Some Member Schools expressed their dismay at the speed in which COAG was undertaking its consultation process for the National Reform Agenda on early childhood education and development.

Schools did not receive notification of the information session run in July 2009 until the week these sessions were held, as many schools, and subsequently, associated ELCs, were still on school holidays when letters were sent out.

The Association is disappointed that COAG did not take the holiday period into consideration when determining these meeting times, and would ask that this be taken into account when preparing for future consultations with stakeholders in the sector.

#### 4. Recommendations

##### *Staff Qualifications*

The Association of Independent Schools of Victoria recommends that COAG adopt **Option 1: No COAG Policy change** to the regulations governing staffing qualifications in the early childhood education and care sector.

##### *Staff-to-Child Ratios*

The Association of Independent Schools of Victoria recommends that COAG adopt **Option 1: No COAG Policy change** to the regulations governing ratios between staff and children in the early childhood education and care sector.

##### *Enhanced Regulatory Arrangements*

The Association of Independent Schools of Victoria recommends that COAG adopt **Option 1: No COAG Policy change** to the accreditation procedures for ELCs in the early childhood education and care sector.

##### *Quality Rating System*

The Association of Independent Schools of Victoria recommends that COAG adopt **Option 1: No COAG Policy change** to the performance measures currently used in the early childhood education and care sector.