Australian Children's
Education & Care
Quality Authority

Annual Report
2013–2014

Australian Children's
Education & Care
Quality Authority

Contents

8 October 2014

Minister Joy Burch MLA
Chair
Education Council
PO Box 202
Carlton South Vic 3053

Dear Minister

The Board of the Australian Children's Education and Care Quality Authority (ACECQA) has pleasure in submitting to the Education Council the ACECQA Annual Report for 2013–14.

The report is presented in accordance with section 279 of the *Education and Care Services National Law Act 2010* ('the National Law') and conforms to its requirements.

The National Law requires that the Education Council make arrangements for the tabling of the ACECQA Annual Report in the Parliament of a participating jurisdiction determined by the Council.

In accordance with the Education Council's endorsement in 2012 of the nomination of South Australia as the participating jurisdiction from 2012 to 2015 (or until otherwise determined), the Annual Report has been prepared to meet the tabling requirements of the South Australian Parliament.

Yours sincerely

Rachel Hunter
ACECQA Board Chair

Foreword from the Chair

I am pleased to present the Australian Children's Education and Care Quality Authority (ACECQA) 2013–14 Annual Report.

The past year has been an important one for building on the solid foundation established by ACECQA since it began operating in 2012. The importance of quality education and care to a child's wellbeing and future success is at the centre of everything we do. Continuous improvement in children's education and care is not only fundamental to the aims of the National Quality Framework (NQF), but guides our actions as the Authority responsible for overseeing these important reforms.

With responsibility for overseeing the consistent implementation of the NQF, we have been working closely with the Australian Government and states and territories to make sure the NQF's objectives are achieved in the most practical and effective way, while maintaining the focus on quality outcomes for children.

In 2013–14, ACECQA continued to fulfil its obligations by working collaboratively with our partners, educating and informing the community, reducing administrative burden and improving consistency in the implementation of the NQF, conducting research to inform improvements to the national system; and enhancing our National Quality Agenda IT System (NQA ITS) for providers and governments.

Our work on regulatory burden was a priority this year as we identified ways to support education and care providers to understand and comply with their obligations under the NQF. The release of our *Report on the National Quality Framework and Regulatory Burden* established a benchmark for measuring administrative burden and identifying areas to continue to streamline practices in our sector.

The Council of Australian Governments' (COAG) 2014 Review of the National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care will take this work further, examining the effectiveness and efficiency of the NQF as a consistent, national system. The review will consider a range of mechanisms to streamline and simplify processes within the sector, including possible changes to the National Law, National Regulations and the National Quality Standard. ACECQA has played and will continue to play a significant supporting role to all Governments in this process.

We also made a formal submission to the Productivity Commission Inquiry into Child Care and Early Childhood Learning this year. While the Commission's terms of reference are much broader than the NQF, and include investigating modes of delivery and subsidies, ACECQA has been well-placed to provide independent, expert advice on the regulation of education and care, based on our experience of implementing the NQF.

Our submission covered three themes – regulating for quality; the value of the assessment and rating system; and the efficiency of the NQF and how it might be improved.

We also made submissions to two Senate inquiries – *Delivery of quality and affordable childhood and education and care services* and *The immediate future of the childcare sector in Australia.*

It was also very pleasing to see the fruition of a significant body of work earlier this year, with state and territory Ministers and the Australian Government agreeing to a number of amendments to the National Regulations. Informed by sector feedback, these two tranches of amendments are delivering benefits for providers, educators and regulatory authorities by streamlining business processes, reducing paperwork and providing greater flexibility.

Collaborating with our sector and listening to their needs is an integral part of our work. To assist us in our efforts, the Board established the new position of National Education Leader, who is playing a pivotal role in supporting best practice and promoting collaborative approaches.

ACECQA will continue to foster relationships with our stakeholders and the education and care sector in 2014–15 through our bi-annual ACECQA Forum and the holding of a series of national workshops in major cities and regional areas.

I am confident that the widespread level of support and commitment to improving quality outcomes for children will continue to grow and help encourage continuous improvements in our sector.

Finally, I would like to thank my Board colleagues, the CEO Karen Curtis, and all ACECQA staff for their contribution and hard work over the past year. It is both a privilege and honour to be part of an organisation that has helped to raise the bar in achieving quality outcomes for children, and I look forward to the organisation continuing to cement its position as the ambassador of quality within the children's education and care sector.

Rachel Hunter
Chair, ACECQA Board

Report from the CEO

We have come a long way in the past 12 months, and by harnessing the positive momentum from previous years, we have continued to fulfil our obligations to promote and improve consistency under the NQF.

This document highlights the performance of ACECQA's functions and key achievements for the 2013–14 reporting period.

Working with all states and territories and the Australian Government, we have continued our efforts to streamline the assessment and ratings process for education and care services. This past year saw the introduction of more flexible timeframes around ratings and assessments, the development of resources to simplify the ratings process for services and regulatory authorities, and the implementation of a national assessment and reporting template to help regulatory authorities produce reports efficiently while maintaining the value and consistency of each report.

In accordance with our responsibility under the National Law, ACECQA continued to conduct national audits into the administration of the NQF. Three audits were conducted during 2013–14, focusing on waivers, compliance and monitoring, and first tier reviews. These audits identified trends to improve the NQF's implementation and administrative systems.

Professional, well-qualified educators working in the sector are fundamental to achieving our mission of improving outcomes for children. ACECQA launched a number of tools to help educators, providers and higher education providers assess qualifications, including the very successful online qualifications checker.

As part of its responsibility to assist with the training of authorised officers and to support national consistency in assessment and rating visits, ACECQA developed and delivered the online eLearning portal for authorised officers. With more than 500 users registered to the site and the figure consistently increasing, the popular resource provides a hub of information

for new and existing authorised officers including training modules and reliability testing.

Use of the National Quality Agenda IT System (NQA ITS) by providers has been steadily increasing during the past year. ACECQA implemented considerable changes to the system to simplify and reduce administrative burden, including the creation of online supervisor certificates and the standardisation of management reports for regulatory authorities. Work with regulatory authorities and providers to identify further ways to improve the system is ongoing.

In September 2013, ACECQA was very pleased to award the first Excellent rating under the NQF to services, a significant step in the journey of continuous improvement for both ACECQA and services. At the end of the financial year, 14 services across Australia had been awarded the Excellent rating, with more applications under consideration. It is encouraging to see services striving to improve their education and care programs to ensure Australian children receive the best possible start in life.

Throughout 2013–14, we continued to publish our quarterly *NQF Snapshot*, highlighting

trends in the sector and tracking the progress made since the implementation of the NQF. As at 30 June 2014, 62 per cent of all rated services are Exceeding or Meeting the National Quality Standard (NQS), showing services are rising to the challenge of the higher standards required under the NQF.

Providing transparency in our processes and a real willingness to listen to the sector's ideas and suggestions for improving our operations guides our work practices. ACECQA hosted its first NQF Conference in Sydney in September 2013. With a strong focus on the NQF story, the conference provided sector representatives with the opportunity to share their stories and experiences of the NQF. In addition to the conference, we held our third ACECQA Forum in December. The forum saw more than 70 representatives from national organisations within our sector discuss and provide feedback on the issues important to their organisations, families and children.

The conference and the forum are important platforms to hear a range of opinions, showcase achievements and gain greater understanding of the rewards and challenges of implementing the NQF.

In 2014–15 we will continue to build and maintain relationships with our stakeholders, encouraging the ongoing and candid conversations that are vital to our work.

ACECQA will continue to provide its expert advice and national perspective to inform both the 2014 COAG Review and Productivity Commission Inquiry, both of which represent a great opportunity to build on the many positive outcomes that have already been achieved to date. It is a privilege to be a part of an organisation striving to improve quality education and care outcomes for our children and l look forward to the year ahead.

I would lastly like to extend my gratitude to all ACECQA staff, our Board Chair Rachel Hunter, and all ACECQA Board members for their ongoing support and guidance during their first term. It remains a pleasure to be working alongside such passionate champions of quality education and care for Australia's children.

Karen Curtis
Chief Executive Officer, ACECQA

Structure of the report

ACECQA's Annual Report for 2013–14 has been structured to meet the requirements of the *Education and Care Services National Law*. The report comprises five parts:

Part 1 Governance and Operations
Part 2 ACECQA's functions under the National Law
Part 3 Implementation of the National Quality Framework
Part 4 Accountability
Part 5 Financial report and financial statements

Part 1 provides an overview of ACECQA's governance arrangements and reports on the Authority's key strategies and milestones for 2013–14. As required by the National Law, it includes a report on the ACECQA Board and its committees. Part 1 also addresses the requirement to report on any directions given by the Standing Council to ACECQA and regulatory authorities.

Part 2 is a report on ACECQA's functions under the National Law.

Part 3 addresses the requirement under the National Law to provide an assessment of the implementation and administration of the NQF.

Part 4 relates to ACECQA's mechanisms to ensure the accountability of the organisation.

Part 5 contains the financial report and audited financial statements for 2013–14.

1 Governance and operations

1.1 Background to the National Quality Framework and ACECQA

National Partnership Agreement

In December 2009, the Australian Government and state and territory governments, through the Council of Australian Governments (COAG), agreed to a National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care (NP NQA) to establish a National Quality Framework for Early Childhood Education and Care (National Quality Framework).

The National Quality Framework (NQF) commenced on 1 January 2012 in all states and territories, apart from Western Australia where it commenced on 1 August 2012.

The NQF replaced existing state and territory licensing and national quality assurance processes for most long day care, preschool/kindergarten, family day care and outside school hours care (OSHC) services in Australia.

The objectives of the NP NQA are to:

◆ deliver an integrated and unified national system for early childhood education and care and OSHC, which is jointly governed and which drives continuous improvement in the quality of services

◆ improve educational and developmental outcomes for children attending early childhood education and care and OSHC services under the NQF

◆ foster a joint system of governance to allow the perspective of all jurisdictions to be taken into account in the operation of the NQF where there is shared responsibility for the regulation of quality in early childhood education and care and OSHC services

◆ improve the efficiency and cost effectiveness of the regulation of early childhood education and care and OSHC services

◆ reduce regulatory burden for early childhood education and care and OSHC service providers

◆ improve public knowledge about and access to information about the quality of early childhood education and care and OSHC services to parents, carers and the general public to help inform their choices about the quality of education and care provided to their children

◆ build a highly skilled workforce.

The National Quality Framework

The NQF includes:

◆ a legislative framework that consists of the *Education and Care Services National Law* (National Law) and the Education and Care Services National Regulations (the National Regulations), incorporating the National Quality Standard (NQS)

◆ a quality assessment and rating system

◆ a lead regulatory authority in each state and territory with primary responsibility for the approval, monitoring and quality assessment of services in their jurisdiction in accordance with the national legislative framework and the NQS

◆ a national body, ACECQA to guide implementation of the new system and ensure consistency of approach.

The NQF sets the NQS for education and care providers in Australia. The Framework covers most long day care, family day care, OSHC and preschools.

The NQF has introduced significant changes by improving quality through:

◆ the introduction of national learning frameworks to support and promote children's learning. These learning frameworks are *Belonging, Being and Becoming: The Early Years Learning Framework for Australia* (Early Years Learning Framework) and *My Time, Our Place: Framework for School Age Care in Australia* (Framework for School Age Care)

- improved educator to child ratios to ensure each child receives more individual care and attention
- new educator qualification requirements to ensure educators have the skills to help children learn and develop
- a new quality rating system to ensure Australian families have access to transparent information relating to the quality of children's education and care services.

The NQF has now been in operation for over two years. Under the NP NQA, a review is to be conducted in 2014 to assess the extent to which the objectives and outcomes of the National Partnership have been achieved. The 2014 COAG Review of the NP NQA is being undertaken by all states and territories and the Australian Government, and is expected to make recommendations in 2014–15.

As at 30 June 2014, ACECQA has been and continues to be a key contributor to the 2014 COAG Review through participation in project groups, support for public consultations and delivery of policy advice as requested by governments.

ACECQA's enabling legislation

ACECQA is a national statutory authority established by section 224 of the National Law. ACECQA is a body corporate with perpetual succession. It is not a Commonwealth statutory authority.

The objectives and guiding principles of the NQF inform ACECQA's undertaking of functions under the National Law. The Authority is guided by the Standing Council's Letter of Expectation for 2012–14, which outlines the strategic priorities and expectations for the ACECQA Board.

Governance

ACECQA is governed by a 13 member[1] Board appointed by the Standing Council on School Education and Early Childhood (SCSEEC)[2]. Eight members are appointed from nominations by each state and territory Minister, four members are appointed from nominations by the

1. The Board operated with 12 members from 1 May 2013 following the resignation of Ms Sue Lines.
2. As of 1 July 2014, the former Standing Council on School Education and Early Childhood (SCSEEC) became known as the Education Council.

Australian Government Minister and the Chair is appointed independently by the Standing Council. The Deputy Chair is appointed from the 12 members.

The ACECQA Board is accountable to the Standing Council. The Board reports to the Council through the Australian Education, Early Childhood Development and Youth Affairs Senior Officials Committee (AEEYSOC) and the Early Childhood Policy Group (ECPG). These reporting arrangements are guided by the Decision Making and Governance Protocols for Ministerial Council Authorities and Companies.

The CEO of ACECQA is responsible for the day to day management and leadership of the organisation within the strategic direction set by the Board.

In September 2012, the ACECQA Board received its Letter of Expectation for 2012–14 from the Standing Council. The Letter of Expectation 2012–14 is at **Appendix A.** The ACECQA Chair's response to the Letter of Expectation is at **Appendix B.**

Figure 1 ACECQA's governance structure
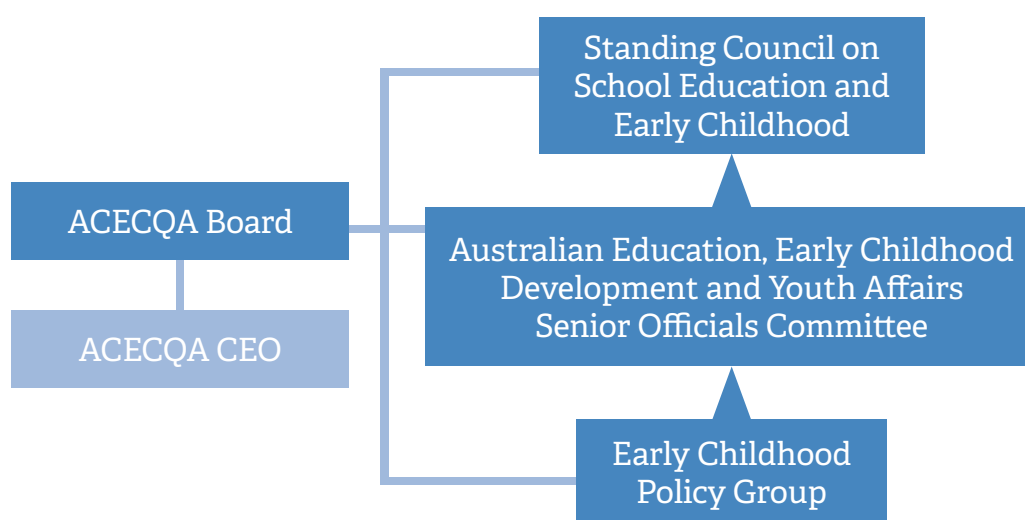
Directions of the Standing Council

Under section 222 (1) of the National Law, the Standing Council may give directions to the ACECQA Board in relation to carrying out its functions under the law. Section 222 (2) also permits the Standing Council to give directions to a regulatory authority with respect to the administration of the NQF. No directions were given by the Standing Council in 2013–14.

1.2 ACECQA Board and Committees

Led by Ms Rachel Hunter as Chair and Professor Collette Tayler as Deputy Chair, the Board of ACECQA brings together a variety of expertise relevant to children's education and care from each of the states and territories and the Australian Government. Membership of the Board is outlined at Appendix C.

The ACECQA Board is responsible to the Standing Council on School Education and Early Childhood for the overall strategy, governance and performance of ACECQA. The responsibilities of the Board include:

◆ providing strategic direction and assisting management in the development and monitoring of strategic and performance objectives required to effectively and efficiently implement the functions of ACECQA

◆ overseeing the establishment and ongoing performance of ACECQA consistent with its enabling legislation

◆ providing policy advice about future directions and making recommendations to the Standing Council for implementing and administering the NQF

◆ guiding and monitoring ACECQA's performance against the Authority's strategic plan and operational work plan.

The ACECQA Board. Top row (left-to-right): Michael Manthorpe, Tonia Godhard, Gayle Ginnane, Pauline Harris, Anne Reddell, June McLoughlin, Alison Elliott. Seated (left-to-right): Tracey Bradley, Amanda Morphett, Rachel Hunter, Collette Tayler, Mark Brown.

The ACECQA Board held five meetings in 2013–14 – three in Sydney, one in Perth and one in Hobart. Board meeting attendance is outlined at **Appendix D.**

Significant work undertaken by the Board during the reporting period included:

◆ shaping ACECQA's responses and input to key reviews and inquiries, including the Productivity Commission Inquiry into Childcare and Early Childhood Learning and the 2014 COAG review of the National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care

◆ deciding a new stakeholder engagement strategy for ACECQA, which sees the Authority continue to consult with a wide range of stakeholders, including a greater focus on families

◆ finalising ACECQA's first research report on services' perceptions and experiences of regulatory burden under the NQF, including recommendations to streamline a range of administrative obligations without compromising the intended benefits of the NQF for children and families

◆ making a range of decisions relating to educator qualifications to maximise the availability of a skilled education and care workforce while ensuring the policy intent of the NQF reforms. This included the addition of qualifications to the Authority's list of approved Early Childhood Teaching Qualifications

◆ coinciding with its September 2013 meeting, joining almost 1000 delegates from across Australia at the ACECQA NQF Conference in Sydney

◆ monitoring the financial performance of the Authority and deciding ACECQA's 2014–15 budget, which will see the Authority continue to operate within its overall funding envelope to 30 June 2015, fulfil its statutory obligations and achieve the

outcomes within ACECQA's Annual Forward Work Plan for 2014–15

- ◆ coinciding with its July 2013 Board meeting in Perth and May 2014 Board meeting in Hobart, hosting stakeholder functions to foster engagement with ACECQA's national stakeholders
- ◆ as part of its commitment to robust and effective governance, responding to an external review of its own effectiveness, including through adopting additional strategies to enhance its strategic direction and focus.

Committees and Working Groups

Audit, Finance and Risk Sub Committee

During the reporting period, the Board was supported by its Audit, Finance and Risk (AFR) Sub Committee. The Sub Committee provides independent oversight and monitors the organisation's governance, risk and control frameworks, financial performance and external accountability requirements. The Sub Committee is chaired by Ms Gayle Ginnane and comprises three Board members and an independent external member. Membership of the AFR Sub Committee and details of meetings held in 2013–14 are outlined at **Appendix E.**

In 2013–14, the AFR Sub Committee met five times to deliver on its comprehensive work plan. Major priorities for the Sub Committee included reviewing and endorsing the Authority's 2012–13 financial statements and monitoring and reviewing ACECQA's risk management plan and compliance with applicable laws and regulations.

The AFR Sub Committee also oversaw two internal audits under the Authority's Internal Audit Charter and Annual Work Plan for 1 January 2013–30 June 2014.

In the second half of 2013, an internal audit was conducted by Oakton Consulting to assess the management control framework around the National Quality Agenda IT system (NQA ITS). The audit found that the elements of an appropriate internal control framework were either in place for the NQA ITS, or were planned for implementation.

In the first half of 2014, an internal audit was conducted by Oakton Consulting to assess the efficiency and effectiveness of ACECQA's individual qualifications assessment function. The audit concluded that ACECQA had established an adequate control framework to govern the assessment of the individual qualifications functions, and that the Authority's processes, systems and controls had been designed to operate in an efficient and effective manner with regard to value for money, stakeholder expectations and timeliness of actions and outputs. The audit also noted that some systems and processes had recently been fully established and were in the process of being refined and adapted to deal with increased workloads.

The learnings from both internal audits continue to inform a number of system and process improvements for these two key ACECQA functions.

Educator Qualifications Working Group

One of ACECQA's roles is to approve and determine qualifications across the children's education and care sector. In 2011, the Board established the Educator Qualifications Working Group to provide direction on ACECQA's policies on qualifications.

The Educator Qualifications Working Group met once in 2013–14, before being subsumed into the Board's Policy Advisory Committee (see below). The Policy Advisory Committee continues to provide advice and strategic direction on ACECQA's determination of qualifications function.

Membership of the Educator Qualifications Working Group is outlined in **Appendix E.**

Policy Advisory Committee

As an action arising from the Board's external review of its performance in 2013, the Board established a Board Policy Advisory Committee (PAC) to consider matters of strategic policy for ACECQA and provide advice and recommendations to the Board. The PAC provides a forum for the discussion and development of high level strategic policy

matters for ACECQA and the NQF reforms more generally. In particular, the PAC:

- ◆ provides direction on, and considers the broader strategic implications of, the Authority's key operational functions, including:
- – determining and assessing qualifications required by educators under the NQF
- – setting the criteria and guidelines for assessing applications for the highest rating
- – determining the qualifications required by authorised officers
- – second tier review
- – NQF consistency matters, including compliance and quality assessment and rating.
- ◆ identifies opportunities for ACECQA to influence the national quality agenda and considers and provides advice on any other strategic policy matter as determined by the Board.

In 2013–14, the PAC focussed on providing direction for ACECQA's contributions to significant external policy reviews, including the Productivity Commission Inquiry into Childcare and Early Childhood Learning, as well as two senate inquiries into the immediate future of the childcare sector in Australia, and the delivery of quality and affordable early childhood education and care services. The PAC also considered the initial direction of ACECQA's involvement in the 2014 COAG Review of the National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care (2014 COAG Review).

Membership of the PAC and details of meetings in 2013–14 are outlined in **Appendix E.**

Research Advisory Committee

The Research Advisory Committee (RAC) was created in 2013 and comprises eight members drawn from senior positions in the education

ACECQA Chair, Ms Rachel Hunter, addresses the NQF Conference in Sydney in September 2013.

and care sector, academia and government. The RAC is a forum for the identification, discussion and planning of ACECQA's research agenda. The RAC also provides advice to ACECQA on research and policy issues arising from the implementation of the NQF.

In the latter half of 2013, the RAC provided advice on the development of a draft evaluation framework for appraising the implementation of the NQF and assessing whether it is achieving its primary aim of providing quality education and care outcomes for children.

The RAC also guided ACECQA's approach to the design of a research project to gauge families' knowledge and understanding of the NQS. This project is discussed under Part 2.10 of this report.

Membership of the Research Advisory Committee is outlined at **Appendix E.**

Performance and Remuneration Sub Committee

In 2013–14, the Performance and Remuneration Sub Committee met on five occasions. The Sub Committee provided direction on remuneration for staff, the development of ACECQA's Enterprise Agreement and terms and conditions for the CEO's appointment. An additional member was also appointed to the Sub Committee during the reporting period.

Membership of the Sub Committee is outlined in **Appendix E.**

Authorised Officer Workforce Development Project Working Group

In 2013–14, the Board's Authorised Officer Workforce Development Project Working Group, which comprises ACECQA Board members and senior representatives from the Northern Territory, Victorian and South Australian regulatory authorities, met twice to oversee the completion of ACECQA's authorised officer qualifications research project. Further information on the project can be found at Part 2.11 in this report.

Membership of the Authorised Officer Workforce Development Project Working Group is outlined at **Appendix E.**

1.3 ACECQA's operations

Organisational structure and staffing

On 30 June 2014, the Executive comprised the CEO, the Chief Operating Officer, the General Manager of Strategy and Operations, the General Manager of Communications and Engagement and the National Educational Leader.

A change in Executive membership occurred in 2013–14 with recruitment to the position of General Manager of Communications and Engagement. This position was filled in May 2014.

A new Executive position of National Education Leader was created and filled in 2013–14. The National Education Leader's responsibilities include providing advice on educational program and practice, developing educational resources and providing professional development, education and training to regulatory authorities and the sector.

In 2013–14, the organisation continued to be structured through three main business groups of Strategy and Operations, Communications and Engagement and Corporate Services. A small Board and Governance team reporting to the CEO supports the ACECQA Board and manages legal, governance, planning and accountability requirements for the organisation.

The Strategy and Operations Group has policy and operational arms and delivers:

- NQF policy advice and development, including research and evaluation of the NQF
- ACECQA's operational functions of assessing educational qualifications, excellent rating and second tier review
- training and support tools for authorised officers
- NQF consistency measures such as national audits.

The Communications and Engagement Group has two main business teams. The Media and Communications team manages media and social media, web content and design, the newsletter and other mass communications, internal communication, formal stakeholder engagement, major presentations and conference appearances, inbound and outbound sponsorship, and responding to enquiries from the wider community through a dedicated customer service unit. The Education and Care Systems/NQA ITS team provides maintenance and development of the NQA ITS for the NQF, including customer support.

The Corporate Services Group delivers human resources, IT, information and records management, finance and facilities functions to the agency.

The ACECQA organisational structure as at 30 June 2014 is outlined in Figure 2 on the next page.

The number of FTE staff at 30 June 2014 was 72.9. This represents an increase from 2012–13 due to planned organisational growth and some new positions being created to meet operational demand. A breakdown of the workforce profile by FTE, headcount and gender is at Figure 3 on the next page.

Figure 2 ACECQA's organisational structure
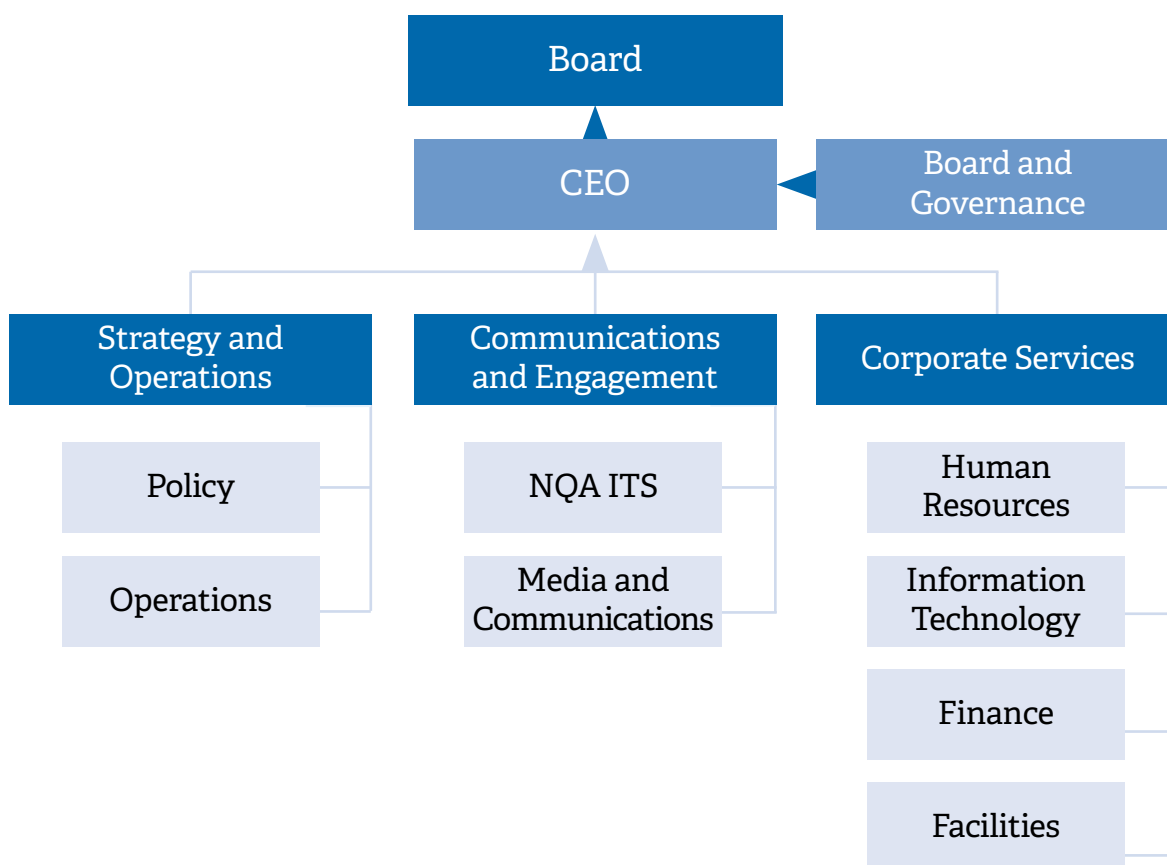
Figure 3 Workforce profile – FTE and headcount by gender, 30 June 2014*

	Female	Male	Total
FTE	48	24.9	72.9
Headcount	51	25	76
% of workforce (headcount)	67.11%	32.89%	100%

* The data excludes contractors.

Human Resources

During 2013–14 the development of the ACECQA Enterprise Agreement 2013–16 was a high priority for the organisation. Bargaining for the Agreement with the Community and Public Sector Union and employee bargaining representatives occurred in the latter half of 2013 and 2014. A staff ballot on the Agreement was held in May 2014 and it was approved by the Fair Work Commission on 1 July 2014. In 2014–15, there will be a continued focus on implementation of the Agreement.

In 2013–14, the Human Resources team also provided significant support to the agency in managing recruitment and induction processes for new staff as well as separations. Two major new learning and development initiatives were implemented for staff. A Diploma of Management program for Senior Managers and Managers and a Certificate IV in Project Management for staff with project management responsibilities commenced in 2014, with completion due later in 2014.

Funding

ACECQA is jointly funded by the Australian Government and the state and territory governments under the National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care. The operational funding agreement provides the organisation with fixed funding to 30 June 2015.

In addition to the operational funding in 2013–14, ACECQA also received:

◆ fee revenue under the National Regulations relating to ACECQA's functions of assessing qualifications, second tier review and excellent rating applications
◆ 10 per cent of NQF related transaction and annual fees levied by the state and territory governments for 2013 in accordance with the NPA
◆ operational funding for maintaining the NQA ITS.

Financial performance 2013–14

ACECQA's operating result for the 2013–14 financial year is a surplus of $0.8m.

The total expenditure for the 12 months was $14.2m. The main expenditure items were:

◆ salaries and on costs (approximately 61 per cent)
◆ ICT (approximately 10 per cent)
◆ occupancy and general administration (approximately 19 per cent).

At 30 June 2014, the cash and cash equivalent balance of ACECQA is $4m. Where cash and cash equivalents exceeded ACECQA's at call requirements, they were transferred to investments in accordance with ACECQA's investment policy.

Financial management framework

In 2013–14, ACECQA continued to review and improve its financial management framework to ensure that they continued to be both effective and efficient. As part of ACECQA's Internal Audit Plan, a targeted audit was undertaken by Oakton Consulting in the first half of 2014 on financial segregation of duties. The audit reported that there were no issues around appropriate financial segregation of duties.

ICT

In 2013–14, ACECQA developed its information and communication services through:

◆ building an online application process for Individual Qualifications Assessments, which is now the preferred method for 50 per cent of applications
◆ implementing an online Qualifications Checker to allow applicants for Individual Qualifications Assessments to quickly determine whether their qualifications are equivalent or require further assessment by ACECQA
◆ building the ACECQA intranet, providing ACECQA staff access to corporate resources and news
◆ developing an in-house online event management capability, used to organise

ACECQA Chair, Ms Rachel Hunter, NSW Minister for Education, The Honourable Adrian Piccoli MP, and ACECQA CEO, Ms Karen Curtis at the NQF Conference in September 2013

stakeholder events such as the ACECQA Forum
- implementing an in-house records management system and associated IT infrastructure
- refurbishing and re-cabling of ACECQA's IT desktops as part of an overall office refurbishment
- developing several online interfaces from ACECQA's website, giving customers alternate methods for contacting ACECQA, including for enquiries and speaker requests.

The IT team also provided support to major IT projects across the organisation including the ACECQA training portal and the NQA ITS.

Information management

One of ACECQA's major corporate services priorities for 2013–14 was the review and enhancement of its records and information management practices. A records management project commenced during the year to improve ACECQA's compliance with records management legislation and to increase efficiencies in the management of information.

The first phase of this project commenced during the year resulting in:

- development of a records management policy and procedure
- selection and implementation of an Electronic Document and Records Management System (EDRMS)
- development of staff training programs for information and records management.

The first phase of the project is planned to be fully implemented by September 2014.

ACECQA will continue its work in improving information management practices in 2014–15

with the implementation of the second phase of the records management project which will:

- implement information security practices
- implement efficiencies in searching and actioning information within the EDRMS
- develop archiving and disposing processes for records.

WHS and work environment

ACECQA staff operate from one office location at 255 Elizabeth St, Sydney. There was some refurbishment to office facilities in 2013–14 to enhance efficient use of the office space.

In 2013–14, ACECQA undertook measures to strengthen its work health and safety (WHS) policy and procedures including ergonomic assessments.

A Business Continuity Plan was developed in 2013–14 to ensure critical business functions continue in the event of an interruption and this will be followed up with testing in 2014–15.

ACECQA has a strong commitment to providing a supportive workplace through initiatives that demonstrate staff and community engagement. In 2013–14, a number of events were arranged by the social committee, ACECQA Life, to promote team spirit, collaboration and community support. Events were held for Earth Hour, ANZAC Day, and Volunteer Week that raised funds for charities. Some staff also undertook volunteering activities arranged through ACECQA Life.

1.4 Strategic Plan 2012–16

The ACECQA Strategic Plan 2012–16 affirms the Authority's commitment to promoting quality and continuous improvement in early childhood education and care and school age care in Australia.

The Strategic Plan outlines ACECQA's:

- ◆ vision
- ◆ mission
- ◆ values
- ◆ approach
- ◆ outcomes
- ◆ strategic priorities
- ◆ performance measures.

ACECQA's outcomes and strategic priorities

The Strategic Plan 2012–16 contains one overarching outcome:

Successful implementation of the NQF and better educational and developmental outcomes for children through:

- ◆ quality education and care programs
- ◆ engaged and well informed families
- ◆ a highly skilled professional workforce
- ◆ a valued sector
- ◆ policy and practice informed by quality research
- ◆ consistent regulatory approaches
- ◆ reduced regulatory burden and improved efficiency
- ◆ a focus on continuous quality improvement.

ACECQA's Strategic Plan 2012–16 contains the following strategic priorities:

- ◆ lead the consistent implementation and administration of the NQF
- ◆ engage and communicate as the public face and voice for the implementation of the NQF and quality children's education and care in Australia
- ◆ research and educate to promote continuous improvement
- ◆ maintain ACECQA as a high performing organisation.

The Strategic Plan 2012–16 was reviewed by the ACECQA Board for currency in December 2013. Given the Board's previous update to the Plan was undertaken in line with the Standing Council's Letter of Expectation to ACECQA for 2012–14, only minor amendments were made to the Plan in the reporting period.

In 2014–15, the ACECQA Board will undertake a more comprehensive review of the Strategic Plan 2012–16, which will be guided by the Authority's next Ministerial Letter of Expectation.

The Strategic Plan 2012–16 can be found on the ACECQA website.

1.5 Forward Work Plan 2013–14

The Standing Council's Letter of Expectation for 2012–14 requires that ACECQA provide a Forward Work Plan on a financial year basis.

The Forward Work Plan sets the key deliverables, budget and timelines for addressing the strategic directions and work priorities contained in the Letter of Expectation.

The ACECQA Board finalised the Authority's Annual Forward Work Plan for 2013–14 in April 2013. It was endorsed by the Standing Council at its 10 May 2013 meeting. The Work Plan sets out the key deliverables and timelines for addressing the strategic directions and work priorities contained in the Letter of Expectation 2012–14, and aligns with the four strategic priorities in ACECQA's revised Strategic Plan 2012–16.

The top level performance measures within the Work Plan are:

◆ ACECQA leads the consistent implementation of the NQF within and across jurisdictions
◆ stakeholders are engaged and understand the benefits of the NQF reforms and value the contribution ACECQA makes to improving outcomes for children in education and care services
◆ quality improvement at the service provider level is informed by research and reliable performance data
◆ ACECQA operates efficiently and effectively and meets its responsibilities in implementing the NQF.

Outcomes with strategies and key activities for each of these measures are detailed in the Work Plan. ACECQA's work priorities were guided by the Forward Work Plan during the reporting period.

In 2013–14, ACECQA reported six monthly to all governments on progress against the Work Plan, in addition to more frequent ACECQA updates provided at scheduled meetings of the Standing Council.

2 ACECQA's functions under the National Law

2.1 Functions overview

ACECQA's overarching function under the National Law is to guide the implementation and administration of the NQF and to monitor and promote national consistency. To achieve this, ACECQA performs the functions described in section 225 of the National Law.

ACECQA has to report to and advise the Standing Council on the NQF and report to the regulatory authorities and the Australian Government on the collection of information under the National Law and the evaluation of the NQF.

ACECQA is required to establish consistent, effective and efficient procedures for the operation of the NQF, determine the arrangements for national auditing for the purposes of the National Law and promote and foster continuous quality improvement by approved education and care services.

The National Law requires ACECQA to keep national information on the assessment, rating and regulation of education and care services. ACECQA has to publish, monitor and review ratings of approved education and care services, including managing the process for a further review by a ratings review panel of the rating levels confirmed or amended by the regulatory authority (second tier review). ACECQA is responsible for establishing and maintaining national registers of approved providers, approved education and care services and certified supervisors and publishing of those registers.

ACECQA makes determinations with respect to the highest level of rating for approved

education and care services (the Excellent rating). ACECQA determines the qualifications for authorised officers and provides support and training for staff of regulatory authorities. ACECQA is also responsible for determining the qualifications required to be held by educators, including the assessment of equivalent qualifications.

ACECQA has sector and community support functions that include providing education and information about the NQF, in conjunction with the state and territory regulatory authorities. ACECQA publishes guides, practice notes and resources to assist parents and the community and to support the education and care services sector in understanding the NQF and the application of the National Law.

ACECQA is also required to publish information about the implementation and administration of the NQF and its effect on developmental and educational outcomes for children.

In carrying out its functions, ACECQA must have regard to the objectives and guiding principles of the NQF and ensure that the regulatory burden on education and care services is minimised as far as possible.

Part 2 of the Annual Report describes ACECQA's performance of these functions in more detail.

2.2 Guiding implementation of the National Quality Framework

ACECQA's role in guiding the implementation of a unified national regulatory system is achieved in collaboration with all state and territory regulatory authorities and the Australian Government.

In 2013–14, ACECQA's Quality and Consistency Committee (QaCC), and its working groups, continued to be the formal mechanism for state, territory and national authorities to inform and assist each other to better implement the NQF consistently across Australia.

Quality and Consistency Committee

The QaCC comprises senior representatives from state and territory regulatory authorities, the Australian Government and ACECQA. The role of QaCC is to:

◆ ensure ACECQA is fully across operational aspects of the implementation of the NQF
◆ assist ACECQA to meet its statutory responsibilities for monitoring and reporting on national consistency
◆ assist regulatory authorities to meet their statutory responsibilities for implementing the NQF consistently across the nation

◆ provide a forum for senior executives in the state, territory and national authorities to share information about the implementation of the NQF, to discuss concerns and to recommend approaches to resolving issues
◆ lead collaborative efforts between the Australian Government, state, territory and national authorities' officers to effectively implement and administer the NQF and achieve continuous improvement in quality and consistency
◆ offer the state and territory regulatory authorities and the Australian Government an opportunity to influence and shape ACECQA's activities.

The QaCC met five times during the 2013–14 financial year. Priority areas of work included collaboration on operational changes to

streamline NQF quality assessment and ratings processes, amendments to the National Regulations, and informing ACECQA's program of national audits under the NQF.

Following an initial two years of operation, members considered it timely to conduct a review of QaCC to provide a clear understanding of 'how and how well' the committee is working. A comprehensive review of QaCC and its working groups was undertaken towards the end of 2013.

The overall finding from the review was that members valued the existence of a national forum to discuss NQF implementation nationally and solve problems as they emerge. Subsequently, it was agreed that QaCC would continue to operate.

Through the review, it was also identified that while QaCC's existing working group structure had worked well in the initial establishment phase of the NQF, it was now more appropriate that working groups have a project focus and be convened for specific issues, with timeframes and tasks explicitly agreed and noted. QaCC therefore decided to disband its Implementation Issues Working Group (IIWG) and replace it with thematic, topic oriented and time limited project groups on an as needed basis. It was also agreed that QaCC's Communication's Working Group (CWG) be convened as needed, while its Training Working Group (TWG) and NQA ITS Management Steering Group (NIMSG) would continue as standing groups.

Implementation Issues Working Group

The IIWG met throughout the second half of 2013 to collaborate on nationally consistent operational policy and practice. Issues identified by the working group requiring resolution through legislative amendment were referred to the 2014 COAG Review.

As mentioned above, QaCC members considered the working group had achieved its original objectives and IIWG was subsequently disbanded during the reporting period. ACECQA continues to maintain the implementation issues register, which governed the workload and

priorities of IIWG, and refers any appropriate matters to QaCC for resolution.

Training Working Group

The Training Working Group (TWG) brings together staff from each jurisdiction responsible for monitoring and supporting authorised officers to ensure consistency and reliability in their regulatory work. The TWG is co-chaired by ACECQA and the Northern Territory and met quarterly during 2013–14.

The QaCC endorsed an updated TWG work plan for 2013–14. Priorities included:

- implementing training, support and testing for authorised officers
- establishing efficient and effective delivery of training to all jurisdictions.

When considering training and support opportunities, the TWG focuses on the objectives and guiding principles of the National Law, with a particular emphasis on the consistent, reliable and valid assessment and rating of education and care services.

ACECQA aims to complement the existing approaches and strategies regulatory authorities have in place to train and support their staff.

Other TWG achievements in 2013–14 were:

- guiding the development of ACECQA's eLearning portal for authorised officers, including online testing
- contributing to the development of the assessment and rating report writing guide, and the revised assessment and rating report template
- guiding the conversion of part one of the existing national authorised officer training program into eLearning modules
- identifying and prioritising additional eLearning training modules for development and delivery
- developing a suite of guidance notes that address challenging aspects of the NQS.

Further information on the TWG key deliverables in the reporting period is detailed in Part 2.11 of this report.

Panel members at an NQF Conference workshop

NQA ITS Management Steering Group

The NQA ITS Management Steering Group (NIMSG) comprises representatives of each state and territory regulatory authority, the Australian Government and ACECQA. The steering group met three times during the reporting period and is co-chaired by ACECQA and Victoria. The steering group is responsible for the direction of the NQA ITS and sets priorities for the development of the system. NIMSG's annual 'state of the system' report, which provides information regarding the current status and future planning for the NQA ITS, was provided to QaCC in May 2014. The report highlights 13 priority areas for system advancement that were progressed throughout the year.

Further information on the NIMSG key deliverables in the reporting period is detailed in Part 2.6 of this report.

Communications Working Group

ACECQA works closely with the regulatory authorities and the Australian Government through the Communications Working Group (CWG) to develop communication strategies and work through communication issues.

The CWG met five times by teleconference during 2013–14 to share information and promote nationally consistent communications regarding the NQF.

The group developed and implemented communication strategies for the amendments to the National Regulations in September 2013 and June 2014, 2014 qualifications changes under the NQF, operational changes to streamline quality assessment and rating, and the releases of ACECQA's quarterly *NQF Snapshot*. This included developing consistent key messages and communication materials to support these strategies.

The group continued to contribute to the over-arching NQF communications and engagement strategy, provided feedback on resources developed by ACECQA, and shared information and resources for use across jurisdictions.

2.3 ACECQA's reporting obligations

ACECQA reports to the Standing Council, through AEEYSOC and the Early Childhood Policy Group. The primary reporting arrangement is bi-annual reports to the Standing Council under the Implementation Plan for the National Quality Agenda for Early Childhood Education and Care (NQA IP). These reports inform the Standing Council on the progress of the implementation and administration of the NQF.

In 2013–14, ACECQA submitted its fourth and fifth reports to governments under the NQA IP in November 2013 and May 2014 respectively. The reports were developed in consultation with all states and territories and the Australian Government. These reports provide detailed information on the quality rating of children's education and care services based on data extracted from the national registers on the ACECQA website.

Similar data was provided to the public during the reporting period through ACECQA's quarterly *NQF Snapshot*, which provide analysis and information on the state of the sector, progress of assessment and rating, quality ratings of services and waivers held by services.

In the reporting period, ACECQA also provided the Standing Council with its report on the outcomes of the Authority's second national audit under section 229 of the National Law. The audit considered the use of service and temporary waivers across all states and territories. Part 2.5 of this report provides further information on ACECQA's national audit functions.

ACECQA also reports to the Standing Council at each of its meetings. In 2013–14, ACECQA provided reports to the Standing Council at its meetings in July, November and April. This was in addition to bi-annual progress reports against the ACECQA Forward Work Plan 2013–14.

To promote a high level of transparency and accountability, the Board continued to provide a summary of Board resolutions and key messages to the Standing Council Secretariat on conclusion of each meeting for circulation to Standing Council and AEEYSOC members. These reports ensure Ministers and senior officials are regularly informed about issues being considered by the Board in the administration of the NQF.

In June 2014, ACECQA initiated monthly reporting on quality assessment and rating progress under the NQF. Reporting monthly promotes transparency and provides Ministers with a regular point-in-time overview of national and jurisdictional progress, and is in addition to the more comprehensive six monthly reporting by ACECQA under the NQA IP and public quarterly Snapshot reporting. ACECQA will continue to provide monthly progress reports to Ministers in 2014–15.

Early Childhood Policy Group

The Early Childhood Policy Group (ECPG)[1] comprises representatives from departments of all the states and territories and the Australian Government with responsibility for early childhood development policy. It is responsible for providing policy advice to AEEYSOC, and through AEEYSOC, to the Standing Council on issues of national significance for early childhood development.

In 2013–14, ACECQA's engagement with ECPG included:

◆ providing its capability, expertise and national perspective through a significant body of work to inform the 2014 COAG Review

1. Prior to 1 January 2014, the ECPG was known as the Early Childhood Development Working Group (ECDWG).

- supporting ECPG's work in identifying and agreeing amendments to the National Regulations for recommendation to the Standing Council
- advising of outcomes from meetings of the QaCC and its working groups on items of relevance.

Regulatory authorities and the Australian Government Department of Education

Over 2013–14, ACECQA collaborated with state and territory regulatory authorities and the Australian Government in a number of ways. ACECQA provided regular reports to the QaCC on NQF progress generally.

Regular bilateral meetings between ACECQA and each state and territory continued to take place in 2013–14 to further support and guide consistency, and share information on NQF developments, challenges and priorities. Meetings were typically held by teleconference every six weeks in 2013–14.

2.4 Procedures for consistency, effectiveness and efficiency

ACECQA's Quality and Consistency Committee (QaCC) is the main mechanism for regulatory authorities, the Australian Government and ACECQA to identify and resolve national implementation and operational policy issues, including any unintended consequences or inefficiencies as they arise in administering the NQF.

Supporting National Regulations amendments

Throughout 2013, the Implementation Issues Working Group (IIWG), a working group of QaCC, was a key mechanism for all jurisdictions and ACECQA to identify, respond to and resolve such issues.

This included identifying issues that informed recommendations to Ministers, which led to two tranches of amendments to the National Regulations in 2013–14. Other matters identified by IIWG will be considered as part of the 2014 COAG Review.

The first tranche of amendments to the National Regulations came into effect on 1 September 2013. These minor amendments resolved several unintended consequences of the introduction of the NQF to:

◆ clarify the definition of a 'serious incident'
◆ reduce the amount of paperwork providers need to show when they want to temporarily relocate a centre-based service for less than 12 months, or to locate the service on a school site
◆ clarify the regulation requiring the rehearsal of emergency and evacuation procedures every three months
◆ make it easier for educators who gained their qualification overseas to have it assessed for equivalence
◆ change the way centre-based service providers apply to temporarily waive space, educator-to-child ratios and early childhood

teacher requirements for extra children in an emergency situation.

ACECQA, jurisdictions and the Australian Government also worked collaboratively to finalise a second tranche of amendments to the National Regulations that came into effect on 1 June 2014. The amendments help providers, educators and regulatory authorities by streamlining processes, reducing paperwork and administrative obligations and providing greater flexibility.

Key improvements to the National Regulations included:

◆ streamlining the supervisor certificate application process
◆ extending the timeframe for a person who is actively working towards an approved early childhood teaching qualification to be counted towards early childhood teacher requirements.
◆ a more practical approach to submission of Quality Improvement Plans (QIPs) for new services – approved providers must still prepare the QIP for a new service within three months, but are only required to provide a copy to the regulatory authority on request
◆ greater flexibility for centre-based services educating and caring for children preschool age or under to meet staffing requirements, by allowing a new educator without an approved qualification to be counted as a certificate III qualified educator for the

purposes of educator-to-child ratios during a three month probationary period.

ACECQA has supported regulatory authorities in implementing these changes, including by developing information sheets, brokering national operational policy positions, updating resources to reflect the amended Regulations and developing NQA ITS solutions.

ACECQA also maintains the Operational Policy Manual (OPM) that provides guidance to authorised officers in all jurisdictions, including policy positions decided by committees and working groups, as well as amendments to the National Regulations.

Streamlining assessment and rating

Quality assessment and rating is an opportunity for services to gain valuable feedback about their practices and policies, and how to improve quality. Since assessment and rating began in mid-2012 through to 30 June 2014, 5,821 or 40 per cent of all services across Australia have been quality assessed and rated. Regulatory authorities, the Australian Government and ACECQA are committed to ensuring children's education and care services are quality assessed and rated as quickly as possible as it has clear benefits to families, children and services. A suite of changes were agreed by all governments and introduced from April 2014 to streamline the assessment and rating process. As a priority, ACECQA and state and territory regulatory authorities worked collaboratively in the first half of 2014 to implement the streamlining initiatives. Key changes included:

Flexibility in timeframes for assessment and rating

Increased flexibility in the lead up timeframes for assessment and rating visits, ensuring providers still have enough time to prepare for a visit, while also giving regulatory authorities the flexibility needed to schedule and undertake more assessment and rating visits.

Changes to reports

Simplifying the report template to make it easier to understand assessment and rating

for services and help authorised officers write reports more quickly.

Draft quality assessment and rating reports

Introduction of a template to help approved providers give feedback about the draft assessment and rating report, including guidance about what factors can be taken into consideration. This makes it easier to provide and respond to feedback when finalising the assessment and rating report.

The draft report process has been modified so that the draft automatically becomes a final report after 10 working days if no feedback is received. This reduces the administrative work of the regulatory authority while still giving the approved provider opportunity to respond to the report.

First tier rating reviews

An improved application form and guidance to make it easier for services to provide information and evidence to support a request for a rating review. This increases the quality of applications and reduces the time it takes regulatory authorities to consider a first tier rating review.

Increased national training for authorised officers

Additional training to help authorised officers interpret the requirements of the NQS and assess and rate services more efficiently. This will improve consistency and ensure officers have the skills they need.

In 2014–15, ACECQA will continue to work with regulatory authorities and the Australian Government to support the assessment and rating process to improve efficiency and consistency.

Second tier review

Following a first tier review by a regulatory authority, an approved provider can apply to ACECQA for a second tier review. This is conducted by a ratings review panel, consisting of three experts drawn from ACECQA's ratings review panel pool. As required by the National

Law and Regulations, the pool comprises people who are experts, or who have expert knowledge, in one or more of the following areas:

◆ early learning and development research or practice
◆ law
◆ the assessment of quality in education and care services or other relevant services
◆ best practice regulation.

In addition to the prescribed expertise and knowledge, appointments to the ratings review panel pool include representatives from each state and territory, and expertise across service types.

ACECQA manages applications for second tier review and provides administrative support.

In 2013–14, ACECQA received nine applications for second tier review. As at 30 June 2014,

ACECQA had received and finalised a total of 11 applications since quality assessment and rating commenced. The ratings review panels have, by consensus, decided to:

◆ amend the service's overall rating in one case
◆ partially amend the service's ratings in four cases, however this did not impact on the service's overall rating
◆ confirm the regulatory authority's rating of the service in six cases.

The decision notices, which set out the reasons for the rating review panel's decisions, for all 11 reviews are available on ACECQA's website. ACECQA has published resources for applicants to help them with the application process, including guidelines and an information sheet, which are also available on ACECQA's website.

2.5 National auditing arrangements

In 2013–14, ACECQA continued its program of national audits in accordance with its responsibility under the National Law (s229).

The audits evaluate trends in the administration of the NQF across jurisdictions. This function aligns with ACECQA's primary objectives of guiding the implementation and administration of the NQF, and monitoring and promoting national consistency. ACECQA is required to report to the Standing Council on the outcomes of the national audit and evaluation processes.

ACECQA's audit topics and project plans are agreed by QaCC and focus on areas that have been identified as high priority, and are considered to offer opportunities to share learning and experiences, and promote national consistency.

ACECQA completed three audits in 2013–14, following on from the inaugural audit on conditions on approval last year.

Waivers national consistency audit

ACECQA's audit on waivers was completed in September 2013. It reviewed the use of service and temporary waivers across all states and territories. The audit an opportunity to develop additional guidance on assessing waiver applications, and in particular, applications for staffing waivers. It also identified opportunities to improve data quality to enhance monitoring and reporting of waivers by both ACECQA and regulatory authorities. ACECQA has subsequently worked with regulatory authorities to implement these recommendations, by including additional content within the Operational Policy Manual (OPM) for authorised officers and introducing improved functionality within the NQA ITS.

Compliance and monitoring national consistency audit

ACECQA's audit on the topic of compliance and monitoring was divided into two parts, with part one completed in February 2014. It reviewed the resources (i.e. guidance, procedures, training) that regulatory authorities provide authorised officers to assist them undertake their compliance and monitoring functions. The audit identified opportunities to consolidate compliance and monitoring resources into a nationally consistent package. ACECQA is now working with regulatory authorities to progress this recommendation. Part two of the audit is scheduled to be conducted in 2014–15. It will review the amount and type of compliance and monitoring action taken by the regulatory authorities.

First tier review national consistency audit

ACECQA's audit on first tier reviews was completed in June 2014. The audit found that states and territories are consistently implementing the nationally agreed process for first tier reviews, although they could benefit from additional guidance in writing decision notices. In May 2014, ACECQA updated the published guidelines for first tier reviews.

Determining quality rating levels national consistency audit

In June 2014, ACECQA commenced its fifth audit, on the topic of determining rating levels, specifically the standard level Working Towards, Meeting and Exceeding NQS ratings. The purpose of the audit is to assist

Regulatory authority representatives addressing an NQF Conference workshop

regulatory authorities better understand how the assessment and rating system is currently working, identify opportunities for the system to work more consistently, effectively and efficiently, and provide assurance about the administration of the assessment and rating system.

ACECQA continues to work with all states and territories to both plan and agree on the forward audit work plan, and progress the recommendations and agreed actions from completed audits.

2.6 National information and registers

One of the fundamental principles agreed by all states and territories and the Australian Government under the National Partnership Agreement is that information about children's education and care services would be easily accessible to families and the community.

The publication of important information about services, including their quality rating, helps families make an informed choice about education and care services for their children. With ACECQA's management of the national database and registers, there is a consistent format for every Australian children's education and care service under the NQF.

National registers

ACECQA publishes the national registers to provide open and transparent information about children's education and care services. There are three registers on the ACECQA website:

◆ Education and Care Services – this lists the individual services granted approval to operate under the NQF
◆ Approved Providers – this details individuals or entities authorised to operate an approved education and care service
◆ Certified Supervisors.

Importantly, the national registers include details of the quality rating of approved education and care services. As well as the overall rating of the service, the rating for each quality area is also displayed. In 2013–14, ACECQA continued to publish weekly updates to the registers.

National Quality Agenda IT System

The NQA ITS provides a national database and an online business tool for communication between children's education and care services and state and territory regulatory authorities. The NQA ITS is supporting the goal of removing regulatory inconsistencies across jurisdictional

borders and creating a more efficient, cohesive and streamlined environment for business activity. The system also provides valuable national and jurisdiction-specific data to ACECQA, the Australian Government and state and territory regulatory authorities.

NQA ITS updates

In 2013–14, ACECQA made significant changes to the system which not only improved data quality and validation, but also improved the usability of the NQA ITS for both sector users of the system and regulatory authority staff.

There were six major releases during 2013–14 and a number of minor releases.

System enhancements during the year focused on priorities agreed by state and territory regulatory authorities as well as feedback provided by sector users:

◆ improving the online web portal for sector and regulatory authority staff by updating system design, providing relevant information to users, and removing unnecessary or duplicate fields
◆ an overhaul of how monitoring and compliance is managed in the system to allow users and managers to better track issues from reported incident through to investigation and compliance action
◆ creating new reports for the use of regulatory authority staff and management, covering areas such as managing annual fees, validating data and tracking the progress of applications, notifications, investigations, complaints and incidents
◆ improving payment options within the NQA ITS with the addition of BPay as a

payment for some jurisdictions and allowing mandatory credit card payments online

◆ the inclusion of out of scope (non-NQF) services in the NQA ITS for four jurisdictions, allowing them to use a single system for managing all services and potentially saving software licensing costs.

NQA ITS governance

ACECQA is responsible for the management, maintenance, development and support of the NQA ITS. ACECQA works through QaCC's NQA ITS Management Steering Group (NIMSG) to enhance the system and improve usability for regulatory authorities and the sector. In addition, ACECQA also works with regulatory authority system administrators who provide advice on the day to day use of the system and give guidance on how to implement requests from the steering group.

NQA ITS statistics

Number of Providers Registered in the NQA ITS

Figure 4 shows the number of approved providers registered in the NQA ITS as at 30 June 2014. Once an approved provider is registered they are able to submit applications and notifications online as well as pay their annual fees.

There was a 94 per cent increase in registered users in 2013–14. The significant increase during the reporting period is a result of improvements to the NQA ITS and training for approved providers.

NQA ITS service desk

ACECQA's in-house NQA ITS service desk is the first point of call for technical questions from regulatory authority users as well as approved provider users experiencing technical issues with the system. The service desk provides email and phone based support. In 2013–14, the service desk answered over 6,500 enquiries from users of the system.

Figure 4

Providers Registered for the NQA ITS system									
	ACT	NSW	NT	QLD	SA	TAS	VIC	WA	Total
Providers	35	1,728	36	607	57	14	838	211	3,532
% of Registered Providers	36.10%	45.10%	43.40%	37.50%	11.20%	17.10%	36.90%	36.10%	38.80%

Figure 5

Number of NQA ITS Support Issues 2013–14												
	Jul 2013	Aug 2013	Sep 2013	Oct 2013	Nov 2013	Dec 2013	Jan 2014	Feb 2014	Mar 2014	Apr 2014	May 2014	Jun 2014	Total
Jurisdictional Users	389	296	292	280	301	271	389	320	279	283	364	249	3,713
Public Users	300	323	302	153	153	145	195	194	247	257	279	297	2,845
	689	619	594	433	454	416	584	514	526	540	643	546	6,558

2.7 Excellent rating

Under the National Law, ACECQA is responsible for developing and managing the Excellent rating application process and for awarding the rating. To be eligible to apply for the Excellent rating, a service must have been rated as Exceeding National Quality Standard by the state or territory regulatory authority.

In 2013–14, ACECQA received a total of 46 applications for the Excellent rating. ACECQA awarded the first Excellent ratings to the following services in September 2013:

◆ Allenby Gardens Child Parent Centre (SA)
◆ Karana Early Education Centre (Qld)
◆ Swallowcliffe Preschool (SA)
◆ Wandana School Based Preschool (SA).

ACECQA subsequently awarded the rating to a further 10 services, making 14 services in total in 2013–14. They are:

◆ Amarina Early Learning Centre (NSW)
◆ Wynnum Family Day Care (Qld)
◆ John Paul College Outside School Hours Care (Qld)
◆ Bribie Island Community Kindergarten (Qld)
◆ Condy Park Pre School and Kindergarten (Qld)
◆ Chancery Lane Montessori Pre-School Pty Ltd (SA)
◆ Warrawee Care Centre (NSW)
◆ CPS Children's Centre (Vic)
◆ Kindamindi Pre-School (NSW)
◆ University of Western Australia Early Learning Centre (WA).

Those receiving the Excellent rating include long day care, preschool/kindergarten, family day care and outside school hours care services. The Excellent rated services are located across five states – New South Wales, Queensland, South Australia, Victoria and Western Australia.

More than half of the services to receive the award have demonstrated excellence in the theme of 'Practice and environments that

Figure 6 **Excellent rating applications received by jurisdiction (2013–14)**
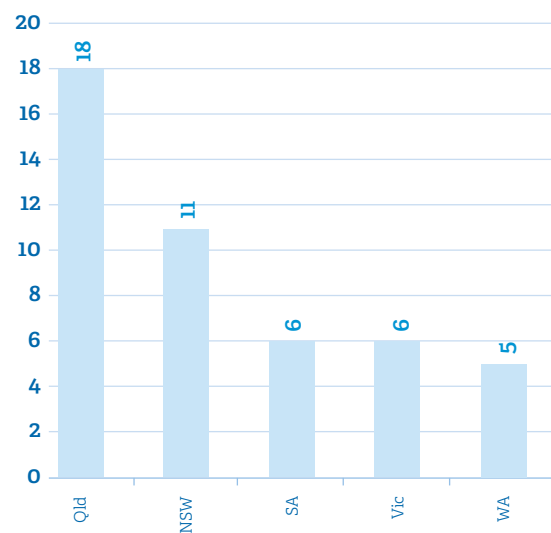
enhance children's learning and growth'. However, each service displays this exceptional practice in different ways. For example, some services have created innovative physical environments and leading practices in environmental sustainability, while others have developed outstanding transition programs or projects to meet the unique circumstances of the children and families using the service.

ACECQA has continued to refine its internal processes for handling Excellent rating applications, including its operational procedures and assessment tools. In February 2014, ACECQA developed and published additional advice material to assist applicants to address the Excellent rating criteria.

Of the 46 applications received by ACECQA in 2013–14, 15 were successful and 31 were unsuccessful.

2.8 Educate and inform

One of ACECQA's roles is to be the public face and voice for the implementation of the NQF, educating and informing children's education and care services, families and the community, in partnership with state and territory regulatory authorities.

In 2013–14, ACECQA continued to roll out its national communications and engagement strategy through its stakeholder relations, publications, online engagement and customer services.

Stakeholder engagement

ACECQA has continued its open and transparent engagement with stakeholders to ensure its advice and services meet their needs and expectations. Stakeholder forums such as the ACECQA Forum and working groups like the NQF Communications Working Group help the ACECQA Board and Authority staff to engage directly with the sector and regulatory authorities.

The ACECQA Board Chair, CEO, National Education Leader and other staff have attended and spoken about the NQF at conferences, workshops and meetings around the country. In 2013–14, ACECQA representatives delivered presentations or spoke publicly at more than 40 events. A full list of major speaking engagements is at **Appendix F.**

The ACECQA Board hosted stakeholder receptions in partnership with the Western Australian Department of Local Government and Communities in July 2013 in Perth, and with the Tasmanian Department of Education in Hobart in May 2014. The stakeholder receptions coincided with Board meetings and with an educator seminar in Launceston.

In October and November 2013, ACECQA held educator seminars in Adelaide, Naracoorte, Perth and Kalgoorlie for people to hear about the latest data on the NQF, assessment and

rating visits, qualification requirements, support available from Professional Support Coordinators and educators' stories about their journey to excellence. Further educator seminars were held in Canberra in March 2014 and in Launceston in May 2014.

ACECQA Forum

The ACECQA Forum continues to be an important means of engaging with representatives from the children's education and care sector about the NQF's implementation. This stakeholder reference group first met in August 2012 in Sydney, and has subsequently met in Melbourne in March 2013, and again in Sydney in December 2013.

Members of the forum include providers of family day care, outside school hours care and preschool services, large providers of long day care, local and state government agencies, and family, professional and employee associations. The forum also includes organisations with a focus on skills and training, research and inclusion.

Topics covered by the group at the December 2013 Forum included:

◆ the Productivity Commission Inquiry into Child Care and Early Childhood Learning, with a presentation by Assistant Commissioner Rosalyn Bell
◆ regulatory burden and the 2014 COAG Review of the National Partnership Agreement on the National Quality Agenda
◆ examining the NQS
◆ the 2013 ACECQA NQF Consistency Audit outcomes and suggestions for 2014.

NQF Conference

Australia's first official NQF Conference was held in September 2013, with almost 1,000 people from the children's education and care sector across the country attending the two-day event in Sydney.

Tickets sold out well in advance of the conference, which provided an opportunity for the sector to tell their stories and experiences of implementing the NQF under the conference theme of 'The NQF Story'.

Keynote speakers focused on strategy, change and leadership, and showing delegates how to turn their aspirations into achievement. Breakout sessions centred around the themes of Quality, Consistency and Excellence.

Through the help of travel scholarships, 14 educators from regional, rural and remote parts of Australia were also able to attend the conference and share their experiences and learning with colleagues when they returned home.

Feedback from the conference delegates was very positive and several resources, including video presentations by keynote speakers, were made available on ACECQA's website, sharing the conference content with an even wider audience.

Website

The ACECQA website remains one of the main sources of information about the NQF for the children's education and care sector, regulatory authorities, families and the community. It is a gateway to the NQA ITS, where approved providers submit forms to regulatory authorities, as well as the national registers, where families and the community can find information about the quality of services that have been assessed and rated.

More resources were added to the website in 2013–14 to further educate and inform people about the NQF. This included a ratings chart function in the national registers to help explain quality ratings, a searchable qualification list, a 'qualifications checker', online enquiries form, posters for outside school hours care services, videos, a series of 'Mythbusters' to correct common misconceptions about the NQF, information sheets and much more.

Delegates at the NQF Conference

Panel addresses the NQF Conference

Social media

ACECQA uses a variety of social media channels to promote open consultation and discussion. Since 30 June 2013, the number of people who 'liked' the ACECQA Facebook page grew by 80 per cent – from about 5,500 people to almost 10,000 people. Likewise, the number of Twitter followers grew by 80 per cent from just over 1,000 followers to more than 1,800.

The ACECQA blog, 'We Hear You', has also continued to grow in readership and subscribers. The blog provides a platform for peak organisations, educators, regulators and providers to talk about their experiences with the NQF. ACECQA's National Education Leader is also a regular contributor to the blog.

ACECQA launched its YouTube channel in 2013–14, with 35 videos added to the website and more than 35,000 video views since it began in September 2013.

Newsletters

In 2013–14, 20 ACECQA newsletters and six *Family News* newsletters were produced and distributed to subscribers. Subscriptions for both newsletters continued to grow with almost 20,000 people subscribed to the ACECQA

newsletter and more than 4,000 for *Family News*.

In April 2014, the format of the ACECQA newsletter changed to a new mobile and tablet friendly version so that people can view the newsletter easily on a range of devices. The frequency of the newsletter was also changed from fortnightly to monthly to allow more in-depth articles and resources to be developed for the newsletter.

Media

ACECQA's media profile continued to grow in 2013–14 through a number of high-profile events including the NQF Conference, educator seminars and awarding of Excellent ratings to services. Excellent rating presentations were held in South Australia, Queensland, New South Wales, Victoria and Western Australia to congratulate services on being the first in the country awarded the Excellent rating. These presentations received positive coverage in media across the country.

ACECQA also developed media release templates for assessed and rated services to use to promote their ratings to their local community. They include instructions on how to use the template, tips on holding media events and a sample

media release for services. The templates have been successfully used by many services to promote their rating and the importance of quality in children's education and care.

In addition to mainstream media, ACECQA regularly provides articles to sector publications to help provide information about the NQF, tips on meeting the NQS, qualification requirements and changes to the National Regulations.

Customer services

ACECQA's in-house customer service team is an essential part of its communication and engagement with the sector. The team responds to public queries by telephone and email and is often people's first point of contact with the organisation. In 2013–14, the team received a total of 33,448 enquiries. This consisted of 16,419 email enquiries and 17,029 telephone calls. The highest number of enquiries related to ACECQA functions, such as enquiries about qualifications.

As part of ACECQA's Customer Service Charter, the team has a goal to respond to telephone messages and email enquiries within five days. The average rate of response at 30 June 2014 was 2.4 days. ACECQA draws on its enquiries to inform newsletter articles, information sheets, blogs, social media posts and website content so relevant information can be shared with a broader audience.

Correction of data in 2012–13 ACECQA Annual Report

Interrogation of enhanced reporting features in new telephone software revealed technical counting errors in the number of enquiries reported in the 2012–13 Annual Report. A total of 49,566 enquiries was reported, however, the correct figure for 2012–13 was 35,662 enquiries in total, of which 21,271 were by email and 14,391 by phone.

ACECQA customer service team staff

2.9 Guides, resources and promoting continuous quality improvement

ACECQA has responsibility to publish guides and resources required for the sector, families and the community to understand and implement the NQF.

ACECQA has more than 200 resources in its NQF Library on the ACECQA website. This library is an important information source for the sector, particularly service providers wanting to ensure they are fulfilling their obligations under the NQF, and to support continuous quality improvement.

NQF Resource Kit and assessment and rating guides

The NQF Resource Kit is an important resource for services to help them understand their obligations under the NQF. ACECQA undertook a review of the kit and its guides in 2013–14 through focus groups and a survey of users. The review confirmed that the resources in the kit

are valuable to service providers and educators, particularly when new to the sector but also as a reference tool.

The feedback received will be used to guide revisions to the kit and to shape the development of future resources. It is expected there will be major revisions to the kit following any major changes to the National Law or National Regulations as part of the 2014 COAG Review.

Minor revisions were made to the kit during 2013–14 to reflect changes to the National Regulations and streamlining of the assessment and rating process. The latest version is available to download from the ACECQA website free of

charge. An older version of the kit is available for purchase and contains information about recent minor revisions and where information has changed since it was printed. Amendments were also made to the three assessment and rating guides to reflect the streamlining of the assessment and rating process.

Operational Policy Manual for regulatory authorities

ACECQA developed the Operational Policy Manual (OPM) for regulatory authorities in close consultation with state and territory regulatory authorities and the Australian Government. The online manual, first published in February 2013 and now maintained by ACECQA, provides guidance to help authorised officers and other regulatory authority staff to consistently and effectively apply the National Law and National Regulations.

ACECQA revised the OPM in January 2014 to reflect changes to the National Regulations in September 2013, and include additional guidance and details of agreed policy positions about:

- the maximum number of children on a service approval
- the location of the family day care office
- using photos and film as evidence
- conditions, waivers and reviews.

The OPM will be updated in the second half of 2014 to reflect the June 2014 amendments to the National Regulations.

Resources for the sector, families and the community

ACECQA has continued to produce resources for the sector, families and the community to help build understanding of the NQF. The focus of many of the resources produced in 2013–14 has been on helping service providers and educators understand amendments to the National Regulations and guidance around administrative requirements of the NQF that were perceived as burdensome. Resources were also developed to help service providers and educators explain the aims and benefits of the NQF and quality ratings to families and the community.

Following the distribution to all services of the poster series about the NQF and the seven quality areas in May 2013, the poster series was reprinted in February 2014 and was available to order free through the ACECQA website. A version of the poster series featuring outside school hours care images was also printed for services to order. This poster series was also translated into several different languages to help families from culturally and linguistically diverse backgrounds understand the NQF, and is available to download from the ACECQA website.

New information sheets about reviewing Quality Improvement Plans and documenting children's learning were created and made available on the ACECQA website for services. These two issues had been identified as being difficult for services to understand and administratively burdensome through ACECQA's regulatory burden research. The information sheets include links to other resources to help providers and educators undertake these tasks.

A 13-part video series about the NQF was uploaded to ACECQA's website and YouTube channel in 2013–14. The video series looks at the main changes introduced by the NQF, how assessment and rating works, the seven quality areas in the NQS and the role of ACECQA and regulatory authorities. Video resources were also developed from the NQF Conference, including videos of most of the keynote speakers, audio/slide presentations of the breakout sessions, and interviews with educators from the first four Excellent rated services.

2.10 Information on National Quality Framework and effect on developmental and educational outcomes for children

One of ACECQA's roles is to monitor and evaluate the implementation of the NQF.

ACECQA publishes the *NQF Snapshot* every quarter which reports on the:

- ◆ proportion, location and characteristics of children's education and care services at each level under the quality ratings framework
- ◆ proportion of education and care services with a current assessment against the NQS
- ◆ proportion of services with waivers for the Staffing Arrangement or Physical Environment standards, including the number of those services by socio-economic or regional locations.

ACECQA also reports to the Standing Council against further agreed performance measures, including the:

- ◆ experience of services under the NQF, with respect to the level of regulatory burden, and
- ◆ proportion of parents who indicate that they know their service's rating and understand its meaning.

In 2013–14, ACECQA designed and conducted research to help report against both of these measures.

Pilot study of families' knowledge and understanding of the NQS

Guided by the Board's Research Advisory Committee (RAC), ACECQA under took a pilot study between January and March 2014 to gauge parents' knowledge and understanding of the NQS. This work was also designed to inform the feasibility and benefits of conducting a large scale quantitative survey about parents' knowledge and understanding of the NQS.

The pilot studies were conducted by independent consultants and comprised 14 group discussions in five jurisdictions with parents of children attending relevant services. Two of the focus groups specifically comprised Indigenous parents and one was targeted at parents from culturally and linguistically diverse communities.

As at 30 June 2014, advice based on the results of these focus groups is being finalised for Ministers.

Regulatory burden research – Wave I and II

The NQF was introduced to improve the quality of Australia's early childhood education and care and outside school hours care services. One goal of the NQF was to reduce unnecessary compliance burden on children's education and care services through a jointly-governed system of regulation, replacing overlapping regulatory activities by Australian, state and territory governments.

Wave I research – 2013

ACECQA's first report on longitudinal research on children's education and care services' perceptions and experiences of administrative burden under the NQF was finalised and delivered to the Standing Council in 2013. The report was presented in two parts.

Part I contains findings from ACECQA's research on the administrative burden perceived and experienced by education and care services.

Part II reviews these findings and details actions already in progress and recommendations on what further steps might be taken, without

compromising the quality objective, to reduce or eliminate burden associated with those administrative activities identified in the Part I report. The Part II report also identifies where additional support can be provided to the sector for activities that are fundamental to the focus on quality under the NQF, such as QIPs and educational programing.

Some key findings of Wave I research included that:

- overall, providers, nominated supervisor and family day care educators were highly supportive of the NQF despite perceiving a significant level of burden associated with ongoing administrative requirements of the National Law and Regulations.
- providers whose services had been quality rated were among the groups most supportive of the NQF. They also perceived a much lower level of administrative burden.
- a significant portion of burden was found to be driven by the transition to the NQF.

The report's key recommendations and actions to streamline and reduce regulatory burden are structured according to four themes:

- assess opportunities to simplify the NQS
- reduce the total number of paperwork requirements
- support the sector with clearer expectations and communications about administrative obligations
- legislative amendments to reduce operational impediments.

The full report can be found on the Standing Council's website at www.scseec.edu.au.

Wave II research – 2014

ACECQA commenced its second instalment (Wave II) of the longitudinal study in 2014. The Wave II perception survey was conducted in February and March 2014.

This wave will report by exception on significant changes in response to those presented in the 2013 Wave I research report.

Draft preliminary advice based on the initial findings of the Wave II research was reported to

Ministers under ACECQA's first report under the NQA IP for 2014.

Evaluation framework under development by the RAC

One of ACECQA's functions is to monitor and evaluate the NQF. To fulfil this function, ACECQA began work with the RAC in 2013 on a draft evaluation framework. The purpose of the framework is to guide ACECQA's research agenda, including targeted research projects that will help build a broader picture of whether the NQF is achieving its intended purposes.

The ACECQA Board endorsed the draft evaluation framework in December 2013, determining that two questions should be central to ACECQA's evaluation framework:

- Is the NQF delivering improved outcomes to children?
- To what extent is the design of regulatory model helping to deliver these outcomes?

In the first half of 2014, ACECQA has prioritised its research resources to deliver on its mandatory reporting obligations and to immediately assist with informing the 2014 COAG Review. Work to finalise the evaluation framework will be progressed in 2014–15.

Other research relationships

In 2013–14, ACECQA continued to develop relationships with peak bodies, providers and government agencies to improve research outcomes.

The Report on Government Services (RoGS) prepared by the Productivity Commission is one key area of focus. In the latter half of 2013, ACECQA assisted the Productivity Commission in the development of new early childhood education and care measures for the 2014 RoGS.

Since the November 2013 announcement of the Productivity Commission's Inquiry into Child Care and Early Childhood Learning, ACECQA also provided various inputs and advice on the implementation of the NQF to assist with the development of the Commission's draft report.

ACECQA continues to develop relationships with the Australian Bureau of Statistics (ABS) and the Australian Institute of Health and Welfare (AIHW). Both of these agencies manage and maintain datasets that can assist ACECQA and the sector to evaluate the NQF.

ACECQA CEO, Ms Karen Curtis, National Children's Commissioner, Ms Megan Mitchell, ACECQA Chair, Ms Rachel Hunter, with Holly and Rocco who shared their experience of attending an OSHC service at the NQF Conference

2.11 Qualifications for authorised officers and support and training for regulatory authority staff

Authorised officers are designated by state and territory regulatory authorities to administer the *Education and Care Services National Law*. The specific roles of authorised officers vary across jurisdictions but generally include quality assessing services, monitoring compliance, guiding and educating providers, managing approvals and taking enforcement actions.

Authorised officer qualifications research project

One of ACECQA's functions under the National Law is to determine the qualifications for authorised officers. The ACECQA Board first determined its position on authorised officer qualifications in 2011, which is published on the ACECQA website.

In 2013–14, ACECQA finalised its research project to establish a knowledge base from which to develop a national position on the qualifications and capabilities of authorised officers. ACECQA engaged the University of Sydney's Workplace Research Centre to complete a literature review of existing practice in comparable regulatory workforces, and to prepare a final report taking into account the findings of a capabilities, qualifications and skills survey of existing authorised officers.

The report was first considered by a Board working group, comprising Board members and senior representatives of several regulatory authorities. The ACECQA Board considered the report in December 2013 and agreed that it would be used in 2014–15 to inform the ACECQA Board's review of its determination on authorised officer qualifications.

Regulatory authority training

Reliable training and effective support for staff of regulatory authorities is fundamental to achieving national consistency. A consistent approach supports the integrity of the NQF and is vital to improving quality outcomes for children and families.

The Training Working Group (TWG), a working group of QaCC, aims to ensure that relevant support and training is provided to regulatory authority authorised officers. The TWG develops and maintains a national plan to support ongoing consistency, reliability and validity, as well as the training needs of authorised officers.

The TWG also provides an opportunity to identify and resolve emerging challenges in training and supporting regulatory authority staff.

National authorised officer eLearning portal

In August 2013, ACECQA launched a national online learning portal for all state and territory authorised officers. The eLearning portal is the hub for national training and support materials, as well as the platform for the reliability and drift testing of authorised officers. It offers a national hub for authorised officers, and is divided into four main areas: training (in the form of eLearning modules); reliability testing; resources (e.g. guidance notes, report writing tools and regulatory authority updates); and drift testing. At the end of June 2014, the eLearning portal had 500 registered users.

Authorised officer training

The national authorised officer training program is delivered in two parts. Part one of the training was updated and converted into a series of online learning modules. This enables new authorised officers to complete the training online as soon as they start. It also means that all other authorised officers can access individual refresher modules online at any time.

ACECQA delivers part two of the authorised officer training on an ongoing quarterly basis, as well as in response to instances of high demand on a national or jurisdictional level. The part two training is delivered face-to-face and must be completed before authorised officers undertake assessment and rating. During 2013–14, ACECQA delivered the part two training to over 100 officers.

In consultation with the TWG, ACECQA has identified the need for some new eLearning modules. ACECQA has started work on modules for authorised officers to assist them in assessing cultural competence, outside school hours care services, and quality education and care for birth to two year olds.

Reliability and drift testing

Authorised officers must complete the national training program and demonstrate reliability before being able to conduct assessment and rating visits. To demonstrate reliability, authorised officers must complete and pass a reliability test. Authorised officers must also complete an annual drift test to ensure that they continue to maintain reliability.

Since the launch of the eLearning portal, all authorised officers complete both reliability and drift testing online. As at 30 June 2014, almost 400 officers had completed their reliability test or drift test online. ACECQA has implemented a rolling forward plan for scheduling annual drift tests, with officers automatically notified by email when their drift test is due.

Lead assessors

ACECQA hosted a two day workshop for lead assessors from across the country in May 2014. Each state and territory regulatory authority has a number of lead assessors, who have undergone additional training and are primarily tasked with supporting and advising authorised officers

Lead Assessors from each state and territory at a workshop in Sydney in May 2014

within their jurisdiction. The workshop included sessions on evaluating current national training and support materials and resources, and planning for the development of future training and support.

ACECQA continues to maintain and develop the lead assessor network, as it is critical to ensuring consistent decision making nationally.

Additional guidance for authorised officers

In addition to training, ACECQA has worked with jurisdictions to develop additional guidance and resources for authorised officers on elements and standards of the NQS that can prove particularly challenging for authorised officers to assess. A total of 15 guidance notes were developed in 2013–14. Guidance notes are available to authorised officers via the eLearning portal, and include information on the following topics:

- Sustainable practices and environmental responsibility
- Intentional teaching/Intentionality in outside school hours care and family day care
- Critical reflection
- Children's agency
- Challenge vs risk
- Expectations around documentation in outside school hours care.

Report writing template

ACECQA, in conjunction with the Early Childhood Policy Group (ECPG), developed a new, simplified assessment and rating report template in April 2014. The new template is a smart form and provides additional functionality and automation, which is designed to assist authorised officers in recording and analysing their evidence as part of the assessment and rating decision making process.

To support the national implementation of the new template, ACECQA updated the previously agreed national report writing guide and developed two eLearning modules which guide authorised officers in using the template and completing assessment and rating reports.

Regulatory authority updates

In December 2013, ACECQA starting producing regular regulatory authority updates for authorised officers and other regulatory authority staff. The updates keep authorised officers up to date with what is happening at ACECQA, as well as provide timely advice on current national issues. A total of four regulatory authority updates were published in 2013–14.

2.12 Educator qualifications

ACECQA determines the qualifications that need to be held by educators working in education and care services. ACECQA approves the following types of qualifications and training for educators:

- early childhood teaching qualifications
- diploma level education and care qualifications
- certificate III level education and care qualifications
- first aid qualifications
- anaphylaxis management training
- emergency asthma management training.

ACECQA maintains lists of current and formerly approved qualifications on its website. ACECQA also publishes lists of qualifications for working with children over preschool age for states and territories with those requirements.

New education and care qualifications

On 1 July 2013, the Community Services and Health Industry Skills Council (CSHISC) released a revised training package including six new education and care qualifications at the certificate III, certificate IV and diploma level. The package included the new:

- certificate III in early childhood education and care (CHC30113)
- diploma of early childhood education and care (CHC50113).

The new certificate III in early childhood education and care replaced the existing certificate III in children's services and aligns more closely with the NQF. It includes a work placement for a minimum of 120 hours and revised units, such as 'Provide care for babies and toddlers'. The new diploma of early childhood education and care replaces the existing diploma of children's services. As with the certificate III, it now includes a work placement for a minimum of 240 hours and contains revised units.

To reflect these changes, ACECQA updated its published lists of qualifications in September 2013.

To assist the sector to meet the early childhood teacher qualification requirements, ACECQA has also determined that a person who holds all of the following will be recognised as equivalent to an early childhood teacher:

- a primary teaching qualification that includes at least a focus on children aged 5 to 8 years old (e.g. a qualification with a focus on children aged 3 to 8, or 5 to 12)
- teacher registration in Australia (or accreditation in New South Wales)
- an approved education and care diploma or higher qualification (e.g. approved graduate diploma) published on ACECQA's qualification lists.

This is a transitional measure that will be reviewed by ACECQA's Board in 2016.

Online tools

In 2013–14, ACECQA launched three new online tools to help educators, providers and educational institutions. An online, combined version of the qualification lists allows users to search by qualification level, suitability, date awarded, where the qualification applies, as well as a general keyword search. The online, searchable list contains all approved certificate III, diploma, early childhood teaching, first aid, emergency asthma and anaphylaxis management qualifications and training for educators working in the Australian education and care sector.

In November 2013, ACECQA also launched an online version of the application form for educators seeking to have their qualifications assessed to allow them to work as qualified educators in Australia. Since its launch, half of

all applicants have chosen to use the online form to apply to ACECQA.

In June 2014, ACECQA launched the 'qualifications checker', an online tool to help educators, employers and authorised officers determine if an individual is recognised as a qualified educator. The qualifications checker guides the user through a series of questions to help clarify if an individual holds an approved qualification or is taken to hold an approved qualification, including helping to determine if the individual was recognised as qualified under a former law. It also tells the user what evidence they require to demonstrate they are qualified.

Before building the qualifications checker, ACECQA consulted with each state and territory to establish how educators were recognised as qualified under their former laws. The qualifications checker provides additional assurance about the adequacy of qualifications held by individuals. It also contributes to delivering operational efficiencies for ACECQA and regulatory authorities by reducing applications for assessment and qualification related enquiries.

Recognition of international programs and training

As a result of ACECQA's active engagement with selected overseas institutions, the Authority has reviewed equivalent certificate III level training packages from New Zealand and the UK, and equivalent diploma level training packages from New Zealand and Ireland, and approved and published these as part of its online qualification list.

ACECQA has also received and approved applications from two New Zealand higher education institutions, resulting in the addition of four early childhood teaching qualifications being added to the online qualification list.

ACECQA's approach to recognising international programs and training maintains the integrity and consistency of the wider assessment process, while streamlining it for international qualification holders and approved providers seeking qualified educators.

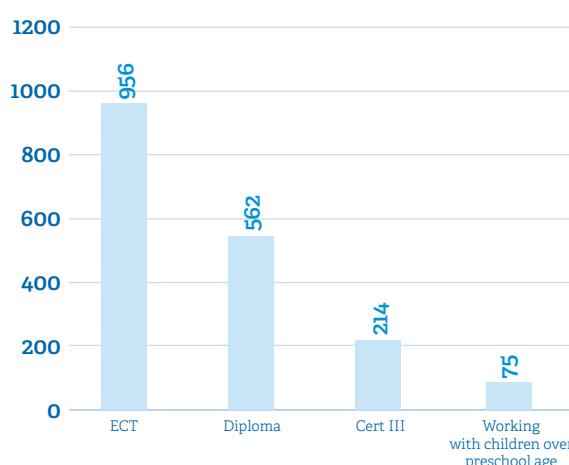## Applications from individuals

Individuals with early childhood qualifications from overseas or with qualifications not listed by ACECQA can apply to have their qualifications assessed for equivalence. ACECQA has published guidelines that govern the application process.

As part of amendments to the National Regulations that came into effect on 1 September 2013, the requirement for applicants with overseas qualifications to submit certification of the level of their qualification as part of their application to ACECQA was removed. During the assessment process, ACECQA may contact applicants if such evidence is required.

In 2013–14, ACECQA received 1,807 applications from individuals wanting their qualifications assessed for equivalence.

More than half (53 per cent) of the applications were from individuals seeking equivalence of early childhood teaching qualifications. Just under a third (31 per cent) were for diploma level qualifications. The remainder were for certificate III level and working with children over preschool age qualifications.

Figure 7 **Applications for Individual Qualifications Assessment by position (2013–14)**

Almost 90 per cent of the applications were from individuals with qualifications from overseas, most notably the UK (24 per cent), Ireland (17 per cent) and New Zealand (17 per cent).

Almost a quarter (23 per cent) of the applications were from individuals looking to work in New South Wales, with the same proportion again

looking to work in Western Australia, followed by Victoria (16 per cent) and Queensland (11 per cent).

Of the 1,807 applications received, more than three-quarters (76 per cent) had been finalised by 30 June 2014. Around 10 per cent were being assessed, and the remainder were awaiting some required information from the applicant.

In 2013–14, ACECQA approved 1,083 individuals for equivalence. This included 427 early childhood teachers, 359 diploma level educators and 236 certificate III level educators.

The overall approval rate for finalised applications was 87 per cent.

The main reasons for refusing applicants were that they did not have relevant qualifications and/or specific birth to five curriculum content and professional experience.

On average, ACECQA received 35 applications per week from individuals wanting their qualifications assessed. The highest volume months were January 2014, when 203 applications were received, and November 2013, when 192 applications were received. These peaks reflect the introduction of the new national qualification requirements from

1 January 2014. Refer to **Appendix G** for further qualification assessment statistics.

Applications from organisations

Organisations, such as universities and training providers, can apply to ACECQA to have an early childhood education program or training added to the approved lists. Again, there are published guidelines that govern this application process.

Between 1 July 2013 and 30 June 2014, ACECQA received a total of 30 applications from organisations wanting their qualifications or training assessed for equivalence.

Almost all (90 per cent) of the applications were from organisations seeking to have early childhood teaching qualifications added to ACECQA's published lists, with the remainder seeking approval of a diploma level qualification, and asthma and anaphylaxis training.

Of the 30 applications received, most (83 per cent) had been finalised by 30 June 2014. All of the finalised applications were approved. ACECQA worked closely with applicants throughout the assessment process to ensure that its published guidelines and requirements are met. This can involve requesting additional

Figure 8 Applications for Individual Qualifications Assessment by recommendation (2013–14)
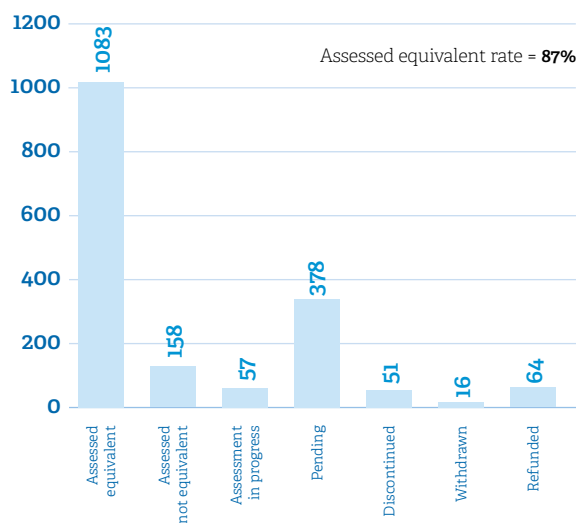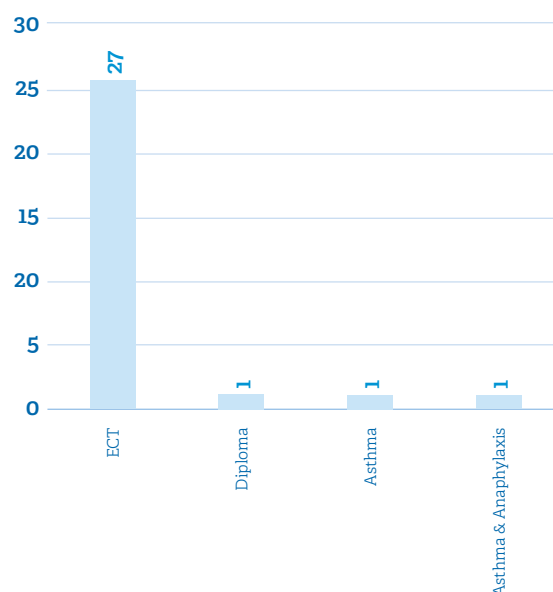

Assessed equivalent rate = **87%**

Figure 9 Applications for Organisation Qualification Assessment by qualification/training course (2013–14)

information from applicants and has resulted in changes to the originally proposed qualification or training.

Collaboration with partner bodies

Australian Institute for Teaching and School Leadership (AITSL) and Australasian Teacher Regulatory Authorities (ATRA)

ACECQA continues to work with AITSL and ATRA to promote collaboration and streamlining of the respective application processes. For example, ACECQA and the relevant state and territory ATRA member have conducted simultaneous assessments of applications from higher education institutions, and ACECQA has participated in ATRA workshops and stakeholder meetings.

ACECQA also continues to work with AITSL and ATRA to review the Australian Professional Standards for Teachers, with the view to making them more inclusive and reflective of early childhood settings.

Australian Skills Quality Authority (ASQA)

ASQA regulates Australia's vocational education and training sector. In addition to an established memorandum of understanding between the two organisations, ACECQA is part of the management committee to oversee ASQA's current review of early childhood development workforce training. Other members of the management committee include the Community Services and Health Industry Skills Council, the Commonwealth Department of Education and the Department of Industry, and the Western Australian and Victorian Vocational Education and Training regulators.

3 Implementation of the National Quality Framework

Assessment of the implementation and administration of the National Quality Framework

This part of the Annual Report addresses the requirement under the National Law to provide an assessment of the implementation and administration of the NQF.

ACECQA's framework to assess and analyse progress centres on the five performance reporting indicators contained in the Implementation Plan for the National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care (NQA IP). The NQA IP provides the basis for the Australian Government, state and territory governments and ACECQA to report to Ministers on the implementation of the NQA.

In particular, ACECQA's bi-annual reports to the Standing Council under the NQA IP inform state, territory and Australian Government Ministers on the progress of the implementation and administration of the NQF.

The data presented in this section of the report was drawn from the NQA ITS on 30 June 2014. The NQA ITS provides both a national database and online business tool for children's education and care services to work with state and territory regulatory authorities under the NQF.

The NQA IP for the National Quality Agenda has five performance indicators:

1 The proportion of early childhood education and care services with a current assessment against the National Quality Standard

2 The proportion, location and characteristics of services at each level under the ratings framework

3 The proportion of services with waivers for the Staffing Arrangements or Physical Environment standards, including the number of those services by socio-economic or regional locations

4 The proportion of parents who indicate that they know their service's rating and understand its meaning

5 The experience of services under the NQF, with respect to the level of regulatory burden.
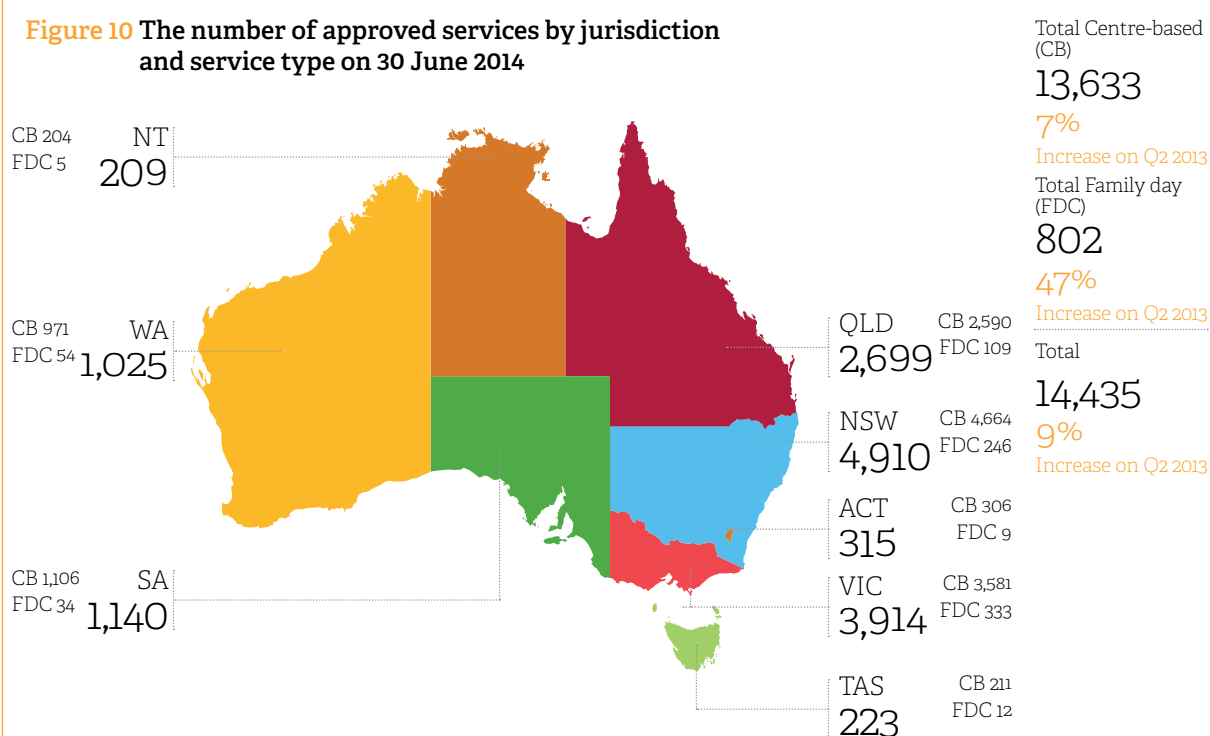
Sector Overview

There were 14,435 approved education and care services operating across Australia as recorded in NQA ITS on 30 June 2014. This represents an annual increase of 9 per cent, mainly due to natural growth in the sector and in part to the addition of children's education and care services recorded in the NQA ITS.

◆ Nationally, there were 13,633 centre-based services and 802 family day care services. Centre-based services made up 94 per cent of all services operating under the NQF.
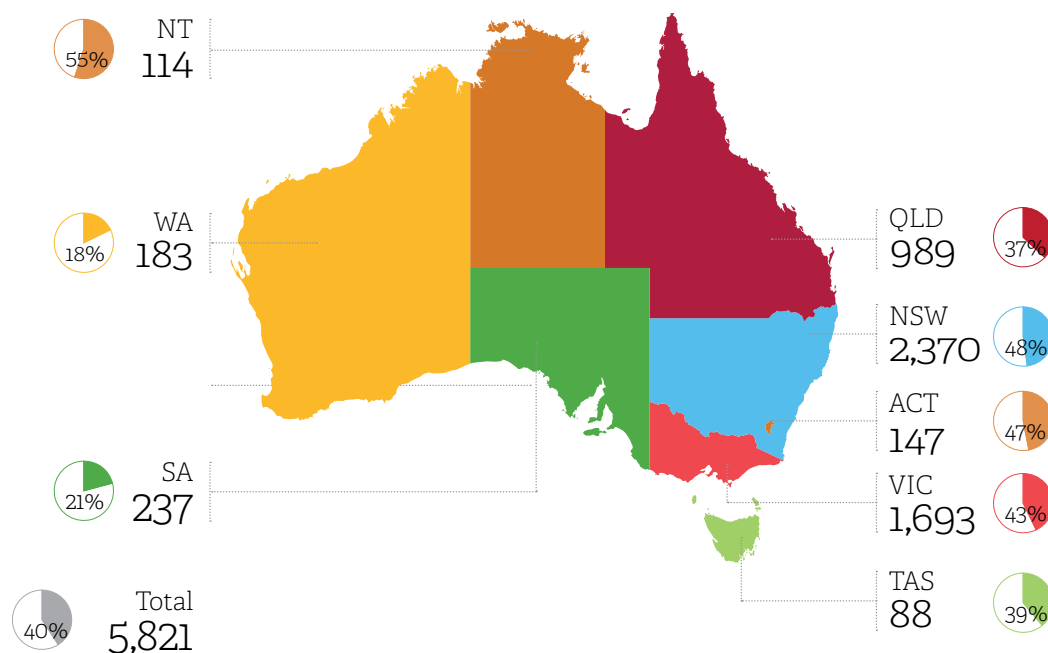
◆ Over the last year, the number of family day care services nationally has increased by 47 per cent. The largest significant increases in family day care service growth occurred in Western Australia (69 per cent), New South Wales (62 per cent) and Victoria (62 per cent).

◆ There were 7,327 approved providers operating services, the majority of whom (83 per cent) only operate one education and care service.

Figure 10 **The number of approved services by jurisdiction and service type on 30 June 2014**

CB 204
FDC 5
NT
209

CB 971
FDC 54
WA
1,025

CB 1,106
FDC 34
SA
1,140

QLD
2,699
CB 2,590
FDC 109

NSW
4,910
CB 4,664
FDC 246

ACT
315
CB 306
FDC 9

VIC
3,914
CB 3,581
FDC 333

TAS
223
CB 211
FDC 12

Total Centre-based (CB)
13,633
7%
Increase on Q2 2013

Total Family day (FDC)
802
47%
Increase on Q2 2013

Total
14,435
9%
Increase on Q2 2013

1. A centre-based service is an education and care service other than a family day care service. This includes most long day care, preschool and outside school hours care services that are delivered at a centre. It does not include preschools in Tasmania or Western Australia.

2. A family day care service is an education and care service delivered through the use of two or more educators to provide education and care for children in residences, whether or not the service also provides education and care to children at a place other than a residence. They are sometimes known as family day care schemes and they are administered and supported by central coordination units.

Figure 11 The proportion of approved services with a finalised quality rating by jurisdiction on 30 June 2014

NT 114 — 55%
WA 183 — 18%
SA 237 — 21%
Total 5,821 — 40%
QLD 989 — 37%
NSW 2,370 — 48%
ACT 147 — 47%
VIC 1,693 — 43%
TAS 88 — 39%

1. The proportion of early childhood education and care services with a current assessment against the National Quality Standard

Under the NQF, regulatory authorities in each state and territory quality assess and rate children's education and care services against the NQS.

As at 30 June 2014, 5,821 (40 per cent) services across Australia had received a finalised quality rating. Figure 11 provides a breakdown of this figure by state and territory regulatory authority. This includes 28 per cent of family day care services and 41 per cent of centre-based services.

The proportion of children's education and care services with a current assessment against the NQS is increasing significantly. By comparison, as at 30 June 2013, 2,567 (19 per cent) of services across Australia had received a finalised quality rating. This represents a 127 per cent increase in completed quality ratings occurred over the financial year 2013–14, with the greatest increases occurring in the first (34 per cent) and second quarters (31 per cent).

Figure 12 shows the number and proportion of approved services with a current assessment against the NQS by jurisdiction and nationally.

The jurisdictions with the largest number of services, New South Wales, Victoria and Queensland have assessed and rated 87 per cent (5,052) of all quality rated services under the NQF. South Australia and Western Australia have completed the smallest proportion of quality ratings. This can be attributed in part to the delay in the commencement of the National Law in Western Australia (August 2012) and the establishment of a new regulatory authority in South Australia to conduct the assessment and rating.

Figure 12 The number and proportion of approved services with a quality rating by jurisdiction on 30 June 2014

	Number of services	Number of services with a quality rating	Proportion of services with a quality rating
ACT	315	147	47%
NSW	4,910	2,370	48%
NT	209	114	55%
QLD	2,699	989	37%
SA	1,140	237	21%
TAS	223	88	39%
VIC	3,914	1,693	43%
WA	1,025	183	18%
TOTAL	**14,435**	**5,821**	**40%**

Figure 13 **The seven quality areas and five quality ratings under the NQS**

1	Educational program and practice
2	Children's health and safety
3	Physical environment
4	Staffing arrangements
5	Relationships with children
6	Partnerships with families and communities
7	Leadership and service management

Significant Improvement Required

Service does not meet one of the seven quality areas or a section of the legislation and there is an unacceptable risk to the safety, health and wellbeing of children. Immediate action will be taken to address issues.

Working Towards National Quality Standard

Service may be meeting the National Quality Standard in a range of areas, but there are one or more areas identified for improvement.

Meeting National Quality Standard

Service meets the National Quality Standard.

Service provides quality education and care in all seven quality areas.

Exceeding National Quality Standard

Service goes beyond the requirements of the National Quality Standard in at least four of the seven quality areas.

Excellent

Service promotes exceptional education and care, demonstrates sector leadership, and is committed to continually improving.

This rating can only be awarded by ACECQA.

Services rated Exceeding National Quality Standard may choose to apply for this rating.

2. The proportion, location and characteristics of services at each level under the ratings framework

The NQS is designed to facilitate quality improvement in children's education and care services. Authorised officers from regulatory authorities assess and rate services using the seven quality areas, 18 standards and 58 elements that make up the NQS. Services receive a rating for each quality area and an overall rating. Once all seven quality areas have been rated, an overall rating is determined for the service.

There are five possible ratings, as shown in Figure 13 above. These are Significant Improvement Required, Working Towards NQS, Meeting NQS, Exceeding NQS and Excellent.

Figure 14 shows that nationally, 62 per cent of assessed and rated services are Meeting (36 per cent) or Exceeding (26 per cent) the NQS. Thirty-eight per cent of services are Working Towards NQS. In addition, as at 30 June 2014, 14 services had been awarded the Excellent rating by ACECQA.

In line with ACECQA's 2012–13 Annual Report, this distribution continues to suggest that the NQS is working as intended for those services that have been assessed and rated. The breakdown between quality rating levels is also

Figure 14 **The number and proportion of approved services with a quality rating by quality rating level and jurisdiction on 30 June 2014**

	Significant improvement required	Working Towards NQS		Meeting NQS		Exceeding NQS		Excellent rated	TOTAL
ACT	0	88	(60%)	26	(18%)	33	(22%)	0	**147**
NSW	1	1,106	(47%)	815	(34%)	445	(19%)	3	**2,370**
NT	0	93	(82%)	10	(9%)	11	(10%)	0	**114**
QLD	1	290	(29%)	318	(32%)	375	(38%)	5	**989**
SA	1	80	(34%)	61	(26%)	91	(38%)	4	**237**
TAS	0	54	(61%)	17	(19%)	17	(19%)	0	**88**
VIC	1	380	(22%)	808	(48%)	503	(30%)	1	**1,693**
WA	2	99	(54%)	40	(22%)	41	(22%)	1	**183**
TOTAL	**6**	**2,190**	**(38%)**	**2,095**	**(36%)**	**1,516**	**(26%)**	**14**	**5,821**

	Significant improvement required		Working Towards NQS		Meeting NQS		Exceeding NQS		Excellent rated		TOTAL
Centre-based care	5	(0%)	2,098	(37%)	2,023	(36%)	1,459	(26%)	13	(0%)	5,598
Family day care	1	(0%)	92	(41%)	72	(32%)	57	(26%)	1	(0%)	223
TOTAL	6	(0%)	2,190	(38%)	2,095	(36%)	1,516	(26%)	14	(0%)	5,821

Figure 15 The number and proportion of approved services with a quality rating, by quality rating level and service type on 30 June 2014

comparable to the pattern that has been apparent since the first trials of the NQS. This continuing pattern also aligns with the NQF's overall aim of driving continuous improvements across the sector, and in particular, matches the designed intent of the NQS to be achievable yet also pose a challenge to services.

Centre-based and family day care

There is a high level of consistency between the distribution of ratings results for centre-based and family day care services as shown in Figure 15.

As centre-based services make up the majority of all services rated, there is little difference between the spread of quality ratings for centre-based services and the overall results.

Socio-Economic Index for Areas (SEIFA)

SEIFA is a measure used by the Australian Bureau of Statistics (ABS) to rank areas according to social economic advantage and disadvantage based on census data.

SEIFA analysis of the assessment and ratings data at 30 June 2014 for centre-based services indicates that socio-economic disadvantage appears to have had minimal effect on the spread of quality ratings. This indication aligns with what was reported in ACECQA's 2012–13 Annual Report.

Accessibility/Remoteness Index of Australia (ARIA+)

ARIA+ is a geographical approach to defining remoteness in Australia. The application of ARIA+ to centre-based services with a quality rating at 30 June 2014 is reflected in Figure 17.

Analysis of the number and proportion of approved services with a quality rating using the ARIA+ finds that remoteness may have a minimal effect on the spread of quality ratings.

Ratings by quality area

Each education and care service receives an overall rating and a rating for each of the seven quality areas. The seven quality areas are:

Quality Area 1 Educational program and practice
Quality Area 2 Children's health and safety
Quality Area 3 Physical environment
Quality Area 4 Staffing arrangements
Quality Area 5 Relationships with children
Quality Area 6 Partnerships with families and communities
Quality Area 7 Leadership and service management

Figure 18 displays the quality rating results for each of the seven quality areas at a national level.

Figure 16 The proportion of approved services by quality rating and SEIFA Index of Relative Disadvantage on 30 June 2014

SEIFA Decile	Working towards NQS	Meeting NQS	Exceeding NQS
10 (least disadvantaged)	36%	32%	32%
9	37%	35%	28%
8	34%	39%	27%
7	38%	34%	28%
6	39%	37%	24%
5	38%	34%	28%
4	36%	39%	25%
3	40%	34%	26%
2	38%	39%	22%
1 (most disadvantaged)	37%	37%	24%
N/A (inc. FDC)	**41%**	**32%**	**26%**

Figure 17 Proportion of approved services by quality rating by remoteness classification (ARIA+) on 30 June 2014

	Major Cities of Australia	Inner Regional Australia	Outer Regional Australia	Remote Australia	Very Remote Australia	N/A (inc. FDC)
Working Towards NQS	38%	34%	38%	52%	47%	42%
Meeting NQS	35%	40%	34%	32%	37%	31%
Exceeding NQS	26%	26%	28%	15%	16%	26%

The ratings by quality area provide an indication of quality areas that are the most challenging for services to meet. These findings continue to assist ACECQA and governments to target guidance and support for services.

Nationally, services are more likely to be rated as:

◆ Meeting NQS or Exceeding NQS in Quality Areas 4 (90 per cent), 5 (88 per cent) and 6 (87 per cent) compared to other quality areas

◆ Working Towards NQS in Quality Areas 1 (29 per cent), 2 (22 per cent), 3 (24 per cent) and 7 (22 per cent) compared to other quality areas.

3. The proportion of services with waivers for the Staffing Arrangements or Physical Environment standards, including the number of those services by socio-economic or regional locations

Waivers play an important role in helping providers maintain their level of service to children and families while adjusting to the NQF or dealing with unexpected events.

There may be situations where, despite the best intentions, providers are unable to meet certain requirements in relation to physical environment or staffing arrangements either on a permanent or temporary basis. Under the National Law, education and care providers are able to apply for two types of waivers. Providers apply to the regulatory authority in their state or territory for consideration of a waiver.

As at 30 June 2014, 6.3 per cent (913) of approved education and care services across Australia were operating with waivers. Over the financial

FIgure 18 The number of approved services with a finalised quality rating by quality area nationally on 30 June 2014

Rating Outcome	QA1	QA2	QA3	QA4	QA5	QA6	QA7
Exceeding NQS	1,374	1,262	1,361	1,670	2,185	1,937	1,658
Meeting NQS	2,783	3,251	3,046	3,549	2,949	3,129	2,859
Working Towards NQS	1,662	1,302	1,411	599	685	753	1,302
Significant Improvement Required	2	6	3	3	2	2	2

Service waivers – service waivers have no specified expiry date. Where a service waiver is in force the education and care service is taken to comply with the element(s) of the NQS and National Regulations specified in the service waiver. A service waiver does not affect a service's assessment and rating against the NQS and can be revoked by the regulatory authority either at its discretion or on receipt of an application from an approved provider.

Temporary waivers – temporary waivers apply for no more than 12 months. Where a temporary waiver is in force the education and care service is not required to comply with the element(s) of the NQS and National Regulations specified in the temporary waiver. Temporary waivers must specify the period for which the waiver applies and providers may apply to the regulatory authority to extend the period of a temporary waiver by periods of not more than 12 months.

	Service	Temporary	Both	TOTAL
Physical	223	20	2	245
Staff	46	615	0	661
Both	1	1	5	7
TOTAL	**270**	**636**	**7**	**913**

Figure 19 The number of approved services with any waiver, by waiver category and by waiver type on 30 June 2014

year, the proportion of services with staffing waivers grew from 2.8 to 4.6 per cent, which was anticipated in light of higher qualification requirements under the NQF that came into effect from 1 January 2014. Figure 19 shows that of the 636 services with temporary waivers, 97 per cent are for staff. For services with a service waiver, 83 per cent are for physical environment.

The higher percentage of temporary waivers for staffing is indicative of the nature of recruitment, as a service may apply for a temporary waiver while they are recruiting to fill a position. In contrast, physical environment standards may involve an ongoing issue that cannot be rectified by other means.

When viewed in terms of geographic location, waivers are more prevalent in metropolitan

areas, reflecting the distribution of services nationally. However, services in remote and very remote locations have more waivers as a proportion of services in those areas, likely reflecting difficulties in recruiting and retaining staff. Areas categorised as socio-economically disadvantaged have a marginally higher number of waivers, also reflecting the distribution of services nationally.

4. The proportion of parents who indicate that they know their service's rating and understand its meaning

As highlighted in Part 2.10 of this report, ACECQA under took a pilot study between January and March 2014 to gauge parents' knowledge and understanding of the NQS. This work was also designed to inform the feasibility and benefits of conducting a large scale quantitative survey about parents' knowledge and understanding of the NQS.

Draft advice based on the results of these focus groups was reported to Ministers in ACECQA's first report under the NQA IP for 2014.

5. The experience of services under the NQF, with respect to the level of regulatory burden

As highlighted in Part 2.10 of this report, ACECQA's first report on Wave I of longitudinal research on children's education and care services' perceptions and experiences of administrative burden under the NQF was finalised and delivered to the Standing Council in 2013. The full report can be found on the Standing Council's website at www.scseec.edu.au.

Draft preliminary advice based on the initial findings of the Wave II research was reported to Ministers under ACECQA's first report under the NQA IP for 2014.

4 Accountability

4.1 Risk management

ACECQA's Risk Management Plan underpins the organisation's corporate governance framework. The Plan demonstrates that levels of risk within the organisation are understood and that risk treatment strategies are appropriate and cost-effective.

Risk management plan

The main elements of the ACECQA risk management process are:

- communicate and consult
- establish the context
- identify risks
- analyse risks
- evaluate risks
- treat risks
- document, monitor and review.

In 2013–14, ACECQA continued to monitor and refine its risk management framework to support the responsibilities of the organisation. The AFR Sub Committee formally reviews the Risk Management Plan every six months (or as required) and provides recommendations to the ACECQA Board on any proposed changes to the Plan.

Internal audit

ACECQA's internal audit function was established to provide an independent and objective review and advisory service. Internal audit is complemented by management strategies and a monitoring framework to mitigate other key business risks for ACECQA and improve organisational performance.

ACECQA's first Internal Audit Plan covers 1 January 2013 to 30 June 2014. In 2013–14, audits were completed on the following areas of ACECQA:

- management of the NQA ITS
- ACECQA's assessment of qualifications function.

Details on the outcomes of the two internal audits are contained in Part 1.2 of this report.

Fraud control

ACECQA's Fraud Control Plan and Policy aligns with the Commonwealth Fraud Control Guidelines 2011 and Australian Standard AS 8001-2008 Fraud and Corruption Control. The Commonwealth Fraud Control Guidelines articulate the Australian Government's expectations for effective fraud control for all departments and agencies subject to the *Financial Management and Accountability Act 1997* (FMA Act) and bodies subject to the *Commonwealth Authorities and Companies Act 1997* (CAC Act)[1].

Although ACECQA is not subject to the FMA Act or CAC Act, ACECQA's Fraud Control Plan was developed with regard to the Commonwealth Fraud Control Guidelines as a matter of policy and good practice.

The core objectives of ACECQA's Fraud Control Plan and Policy are to protect public money and other revenue, information and property, and to protect the integrity and good reputation of ACECQA. The Board's AFR Sub Committee completed a review of ACECQA's Fraud Control Plan in February 2014.

1. The *Financial Management and Accountability Act 1997* (FMA Act) and the *Commonwealth Authorities and Companies Act 1997* (CAC Act) were repealed on 30 June 2014 and replaced by the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) from 1 July 2014.

4.2 Freedom of information

The National Law and the National Regulations apply and modify the Commonwealth *Freedom of Information Act 1982* (FOI Act).

Information Publication Scheme

As an agency subject to the FOI Act, ACECQA is required to publish information to the public as part of the Information Publication Scheme (IPS). ACECQA's IPS can be found on the Authority's website and includes the Information Publication Plan and information on the Authority's:

◆ organisational structure
◆ governance
◆ statutory appointments
◆ functions and powers
◆ reports
◆ consultative arrangements
◆ operational information.

Freedom of information requests

The following table shows the status of FOI applications for access to information for the period 1 July 2013 to 30 June 2014.

Applications considered	Number
On hand as at 1 July 2014	–
Received	–
Granted in full	–
Granted in part	–
Access refused	–
Withdrawn	–
Transferred	–
On hand as at 30 June 2014	–
Internal reviews	–
Appeals to the National Education and Care Services Freedom of Information Commissioner	–
Appeals to the relevant Administrative Tribunal	–

4.3 Privacy

The National Law and the National Regulations apply and modify the Commonwealth *Privacy Act 1988*. ACECQA must comply with the *Privacy Act 1988* and the Commonwealth *Privacy Amendment (Enhancing Privacy Protection) Act 2012*.

ACECQA has a Privacy Policy that sets out relevant information on the way personal information about staff and relevant stakeholders should be collected, stored, used and disclosed. This Policy was updated in the first half of 2014 to account for relevant changes under the Commonwealth *Privacy Amendment (Enhancing Privacy Protection) Act 2012*.

During 2013–14, ACECQA did not receive any privacy complaints. In addition, no investigations of ACECQA were undertaken by the National Education and Care Services Privacy Commissioner.

4.4 Ombudsman

The National Law and the National Regulations apply and modify the *Commonwealth Ombudsman Act 1976*. The Office of the Education and Care Services (ECS) Ombudsman is responsible for independently examining complaints and concerns about the administrative actions of ACECQA.

In 2013–14, ACECQA worked with the Office of the ECS Ombudsman to resolve any issues and enquiries to the Ombudsman. No formal investigations were instigated by the ECS Ombudsman in the reporting period.

ACECQA is committed to transparency and accountability in all its functions, as well as delivering high standards of service. ACECQA's Customer Service Charter sets out the standard of service that the general community can expect in its dealings with the Authority.

In the reporting period, ACECQA maintained and refined its internal procedures manuals, which detail the Authority's approach to managing a range of its operational functions, including the assessment of educator qualifications, the Excellent rating and second tier review. The manuals guide ACECQA's processes for internal review and management of complaints.

5 Financial report and financial statements

INDEPENDENT AUDITOR'S REPORT

To the Education Council

I have audited the accompanying financial statements of the Australian Children's Education and Care Quality Authority (ACECQA) for the year ended 30 June 2014, which comprise: a Statement by Chair, Chief Executive Officer and Chief Operating Officer; the Statement of Comprehensive Income; Statement of Financial Position; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies and Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

Board's Responsibility for the Financial Statements

The Board of the ACECQA is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards, as required by subsection 279(3) of the *Education and Care Services National Law Act 2010*, and for such internal control as is necessary to enable the preparation of the financial statements that give a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the ACECQA's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ACECQA's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporates the requirements of the Australian accounting profession.

Opinion

In my opinion the financial statements of the ACECQA:

(i) give a true and fair view of the ACECQA's financial position as at 30 June 2014 and of its fmancia1 performance and cash flows for the year then ended; and

(ii) comply with Australian Accounting Standards.

Australian National Audit Office

John Jones

Executive Director

Delegate of the Auditor-General

Canberra

8 October 2014

AUSTRALIAN CHILDREN'S EDUCATION AND CARE QUALITY AUTHORITY

Financial Statements
for the period ended 30 June 2014

STATEMENT BY CHAIR, CHIEF EXECUTIVE OFFICER AND CHIEF OPERATING OFFICER

In our opinion, the attached general purpose financial statements for the Australian Children's Education And Care Quality Authority ('ACECQA'):

◆ comply with Section 279 subsection (3) of the *Education and Care Services National Law Act 2010* and relevant Australian accounting standards;

◆ are based on properly maintained financial records; and

◆ present a true and fair view of the financial position of ACECQA as at 30 June 2014 and the results of its operations and cash flows for the financial year ending 30 June 2014.

In our opinion, at the date of this statement, there are reasonable grounds to believe that ACECQA will be able to pay its debts as and when they become due and payable over the next 12 months.

This statement is made in accordance with a resolution of the Board.

Rachel Hunter
Chair
8 October 2014

Karen Curtis
Chief Executive Officer
8 October 2014

Angela Buchanan
Chief Operating Officer
8 October 2014

AUSTRALIAN CHILDREN'S EDUCATION AND CARE QUALITY AUTHORITY
Statement of Comprehensive Income
for the period ended 30 June 2014

	Notes	2014 $'000	2013 $'000
NET COST OF SERVICES			
Expenses			
Employee benefits	3A	**8,150**	6,531
Suppliers	3B	**5,670**	3,924
Depreciation and amortisation	3C	**286**	172
Write-down and impairment of assets	3D	**55**	–
Total expenses		**14,161**	10,627
Own-Source Income			
Own-source revenue			
Sale of goods and rendering of services	4A	**296**	256
Interest	4B	**422**	393
Other revenue	4C	**767**	6
Total own-source revenue		**1,485**	655
Gains			
Gains from sale of assets	4D	**4**	–
Other	4E	**–**	39
Total gains		**4**	39
Net cost of services		**12,672**	9,933
Funding from Commonwealth, State and Territory Governments	4F	**13,461**	12,128
Surplus		**789**	2,195
OTHER COMPREHENSIVE INCOME			
Other comprehensive income		**–**	–
Total comprehensive income		**789**	2,195

The above statement should be read in conjunction with the accompanying notes.

AUSTRALIAN CHILDREN'S EDUCATION AND CARE QUALITY AUTHORITY
Statement of Financial Position as at 30 June 2014

	Notes	2014 $'000	2013 $'000
ASSETS			
Financial Assets			
Cash and cash equivalents	6A	**3,997**	4,531
Receivables	6B	**1,006**	1,160
Investments	6C	**10,000**	10,000
Total financial assets		**15,003**	15,691
Non-Financial Assets			
Leasehold improvements	7A,C	**158**	153
Plant and equipment	7B,C	**101**	201
Intangibles	7D,E	**106**	–
Inventories	7F	**24**	–
Other non-financial assets	7G	**38**	359
Total non-financial assets		**427**	713
Total assets		**15,430**	16,404
LIABILITIES			
Payables			
Suppliers	8A	**102**	239
Other payables	8B	**8,856**	10,742
Total payables		**8,958**	10,981
Provisions			
Employee provisions	9A	**648**	388
Total provisions		**648**	388
Total liabilities		**9,606**	11,369
Net assets		**5,824**	5,035
EQUITY			
Retained surplus		**5,824**	5,035
Total equity		**5,824**	5,035

The above statement should be read in conjunction with the accompanying notes.

AUSTRALIAN CHILDREN'S EDUCATION AND CARE QUALITY AUTHORITY
Statement of Changes in Equity
for the period ended 30 June 2014

	Total Equity	
	2014 **$'000**	2013 $'000
Opening balance	**5,035**	2,840
Comprehensive income		
Surplus for the period	**789**	2,195
Total comprehensive income	**789**	2,195
Closing balance as at 30 June	**5,824**	5,035

The above statement should be read in conjunction with the accompanying notes.

Cash Flow Statement
for the period ended 30 June 2014

	Notes	2014 $'000	2013 $'000
OPERATING ACTIVITIES			
Cash received			
Revenue from Commonwealth, States and Territories		**13,465**	14,390
Sales of goods and rendering of services		**713**	755
Interest		**423**	379
Total cash received		**14,601**	15,524
Cash used			
Employees		**(7,673)**	(6,405)
Suppliers		**(6,208)**	(4,187)
Net GST paid		**(922)**	(902)
Total cash used		**(14,803)**	(11,494)
Net cash from (used by) operating activities	10	**(202)**	4,030
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment		**(244)**	(104)
Purchase of intangibles		**(88)**	–
Investments		**–**	(10,000)
Net cash from (used by) investing activities		**(332)**	(10,104)
Net increase (decrease) in cash held		**(534)**	(6,074)
Cash and cash equivalents at the beginning of the reporting period		**4,531**	10,605
Cash and cash equivalents at the end of the reporting period	6A	**3,997**	4,531

Notes:

1. Cash and cash equivalents exclude investments in term deposit with an original maturity equal to or more than 3 months.

2. The above statement should be read in conjunction with the accompanying notes.

Schedule of Commitments
as at 30 June 2014

	2014 $'000	2013 $'000
BY TYPE		
Commitments receivable		
Funding from Commonwealth, State and Territory Governments	4,462	4,600
Total commitments receivable	4,462	4,600
Commitments payable		
Operating leases	(1,364)	(879)
Other	(1,123)	(1,706)
Net GST payable on commitments	(180)	(183)
Total commitments payable	(2,667)	(2,768)
Net commitments by type	1,795	1,832
BY MATURITY		
Commitments receivable		
One year or less	4,462	4,600
From one to five years	–	–
Total commitments receivable	4,462	4,600
Commitments payable		
Operating lease commitments		
One year or less	(905)	(879)
From one to five years	(459)	–
Total operating lease commitments	(1,364)	(879)
Other Commitments		
One year or less	(895)	(1,649)
From one to five years	(228)	(57)
Total other commitments	(1,123)	(1,706)
Net GST receivable/(payable) on commitments		
One year or less	(242)	(188)
From one to five years	62	5
Total other commitments	(180)	(183)
Total commitments payable	(2,667)	(2,768)
Net commitments by maturity	1,795	1,832

Notes:

1. Commitments are GST inclusive where relevant.
2. Operating lease included is effectively non-cancellable lease for office accommodation. Lease payments are subject to 3% fixed increases at 1 January each year of the lease term. The lease is expiring on 30 December 2015.
3. Other commitments include a range of contracts for telephony, data, IT and other services.

Schedule of Contingencies as at 30 June 2014

ACECQA has no quantifiable contingent assets or liabilities as at 30 June 2014 (2013: nil). There are also no unquantifiable or significant remote contingencies as at 30 June 2014 (2013: nil).

Table of Contents: Notes

AUSTRALIAN CHILDREN'S EDUCATION AND CARE QUALITY AUTHORITY

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the National Authority

The Australian Children's Education and Care Quality Authority ('ACECQA') was established under the *Education and Care Services National Law Act 2010* ('the National Law') passed by the Victorian Parliament on 5 October 2010 as host jurisdiction and applied by all States and Territories with the exception of Western Australia which passed corresponding legislation.

ACECQA is an independent national statutory authority. It is a not-for-profit entity. Its objective is derived explicitly from the National Law and is to guide the implementation and administration of the National Quality Framework ('NQF') and to monitor and promote consistency in its implementation and administration.

ACECQA is structured to undertake the full range of functions set out in the National Law and its related regulations, focusing on the following strategic priorities in accordance with the Letter of Expectation for 2012–14 issued by the Standing Council on School Education and Early Childhood:

Strategic priority 1: Administering the NQF and promoting national consistency.

Strategic priority 2: Effective collaboration with the Australian, state and territory governments.

Strategic priority 3: Operate efficiently and effectively to deliver leading outcomes and reduce regulatory burden within the Sector.

The continued existence of ACECQA in its present form is dependent on Government policy and on continuing funding by Commonwealth, state and territory governments.

1.2 Basis of Preparation of Financial Statements

The financial statements are general purpose financial statements and are required by Section 279 subsection (2) of the National Law.

The financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian Dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to the entity or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, ACECQA has made the following judgement that has a significant impact on the amounts recorded in the financial statements:

- ◆ The National Quality Agenda IT System software was transferred to ACECQA free of charge from the Australian Government and Education Services Australia in March 2013.

Its fair value could not be reliably measured by an independent valuer. Therefore it is not recognised in the Statement of Financial Position.

No other accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements
No accounting standard has been adopted earlier than the application date as stated in the standard.

The following new standards, amendments and interpretations, which were issued prior to the signing of the statement by the Chair, Chief Executive and Chief Operating Officer, were applicable to the current reporting period :

AASB 13	Fair Value Measurement – December 2012 (Compilation)
AASB 119	Employee Benefits – December 2012 (Compilation)
AASB 2011-8	Amendments to Australian Accounting Standards arising from AASB 13
AASB 2011-10	Amendments to Australian Accounting Standards arising from AASB 119

Other new standards, amendments and interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect, and are not expected to have a future material effect, on the entity's financial statements.

Future Australian Accounting Standard Requirements
The following new standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period are not expected to have a future material effect on the entity's financial statements.

AASB 9	Financial Instruments – December 2013 (Compilation)

AASB 1031	Materiality – December 2013 (Principal)
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments

All other new standards, amendments and interpretations that were issued prior to the sign-off date and are applicable to future reporting periods are not expected to have a future material impact on the entity's financial statements.

1.5 Revenue

Funding from Commonwealth, State and Territory Governments
ACECQA's funding is provided through contributions by Commonwealth, State and Territory Governments.

Only contributions that are attributable to the current financial year are recognised as revenue when ACECQA obtains control of the contributions or obtains the right to receive the contributions and the revenue recognition criteria are met (i.e. the amount can be reliably measured and the flow of resources is probable). Contributions that relate to future periods are shown in the Statement of Financial Position as Other payables under the heading of Payables and disclosed in Note 8B as Prepayment received/ unearned income.

Funding receivables are recognised at their nominal amounts.

Other Type of Revenue

Revenue from the sale of goods is recognised when:

◆ the risks and rewards of ownership have been transferred to the buyer;
◆ the entity retains no managerial involvement or effective control over the goods;
◆ the revenue and transaction costs incurred can be reliably measured; and
◆ it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from rendering of services is recognised when:

◆ the revenue and transaction costs incurred can be reliably measured; and
◆ the probable economic benefits with the transaction will flow to the entity.

Receivables for goods and services are recognised at the nominal amounts due less any provision for bad and doubtful debts. The ability to collect debt is reviewed at the end of reporting period. Provisions are made when the recovery of debt is no longer probable.

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement.*

Resources received free of charge
Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition.

1.6 Gains

Resources received free of charge
Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition.

Sale of Assets
Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

1.7 Employee Benefits

Liabilities for short-term employee benefits (as defined in AASB 119 Employee Benefits) and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

ACECQA's Enterprise Agreement 2013–2016 (EA) was approved by the Fair Work Commission on 1 July 2014. Liabilities arising from remuneration increase under the EA are recognised at the reporting date to the extent that they have not been settled and can be found in Note 8.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave
The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will apply at the time the leave is taken, including the employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to the balance date. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made or to be made by ACECQA to the employees' externally managed superannuation funds as nominated by them.

The liability for superannuation recognised as at 30 June 2014 represents outstanding contributions due but not yet paid.

1.8 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

Lease incentives

Lease incentives taking the form of 'free' leasehold improvements and rent holidays are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability.

There is no Make Good obligation associated with ACECQA's current leased property at the end of the lease term.

1.9 Fair Value Measurement

ACECQA deems transfers between levels of the fair value hierarchy to have occurred when advised by independent valuer of a change in the market for particular items.

1.10 Cash and Cash Equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents include:

◆ cash on hand;
◆ demand deposits in bank accounts with an original maturity of less than 3 months that are readily convertible to known amount of cash

and subject to insignificant risk of changes in value.

1.11 Trade and other receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'Trade and other receivables'. Receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate. Collectability of receivables is reviewed on an on-going basis. Provision for doubtful debts is raised when there is objective evidence that the debts are not collectable. Bad Debts are written off when identified.

1.12 Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

1.13 Investments

Investments are term deposits held at fixed interest rates to maturity.

1.14 Supplier and other payables

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.15 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in

respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

At the time of completion of the financial statements, there was no reason to believe that there will be any contingencies (2013: nil).

1.16   Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition.

1.17   Property, Plant and Equipment

Asset Recognition Threshold
Purchase of property, plant and equipment are recognised initially at cost in the statement of financial position.

Purchases costing less than $1,000 are expensed in the year of acquisition except where they form part of a project which is significant in total.

Revaluations
Property, plant and equipment are carried at fair value.

Fair values for each class of asset are determined as shown below:

Asset Class	Fair Value Measured at
Leasehold improvements	Depreciated replacement cost
Plant and equipment	Market selling price

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations were conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of

movements in market values for the relevant assets.

Revaluation adjustments were made on a class basis. Any revaluation increment was credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets were recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date was eliminated against the gross carrying amount of the asset and the asset was restated to the revalued amount.

Depreciation
Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual value and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

Asset Class	2014	2013
Leasehold improvements	Lease term	Lease term
Plant and equipment	3 to 20 years	3 to 20 years

Impairment
All assets were assessed for impairment at 30 June 2014. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the

future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the ability to generate future cash flows, and the asset would be replaced if the entity was deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

1.18   Intangibles

The entity's intangibles comprise purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses. Purchases costing less than $100,000 (2013: $100,000) are expensed in the year of acquisition other than where they form part of a group of similar items which are significant in total.

Intangible assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition. Where reliable measurement of their fair value cannot be established then the assets are not recognised.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of the entity's software is 3 years.

All software assets were assessed for indications of impairment as at 30 June 2014.

1.19   Inventories

Inventories held for sale are valued at the lower of cost and net realisable value.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

◆ raw materials and stores – purchase cost on a first-in-first-out basis; and
◆ finished goods and work-in-progress – cost of direct materials and labour plus attributable costs that can be allocated on a reasonable basis.

Inventories acquired at no cost or nominal consideration are initially measured at current replacement cost at the date of acquisition.

1.20   Taxation

ACECQA is not subject to income tax. ACECQA is liable for Payroll Tax, Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). Income, expenses and assets are recognised net of the amount of GST except:

◆ When the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
◆ Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from the Australian Taxation Office is classified as part of operating cash flows.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the Australian Taxation Office. If the GST is not payable to, or recoverable from the Australian Taxation Office, the commitments or contingencies are disclosed on a gross basis.

Note 2: Events After the Reporting Period

There was no subsequent event that had the potential to significantly affect the ongoing structure and financial activities of ACECQA.

Note 3: Expenses

	2014 $'000	2013 $'000
Note 3A: Employee Benefits		
Wages and salaries	**7,078**	5,773
Superannuation	**672**	510
Leave and other entitlements	**273**	248
Termination benefits	**127**	–
Total employee benefits	**8,150**	6,531
Note 3B: Supplier		
Goods and services		
Consultants	**942**	446
Contractors	**276**	257
Travel	**313**	295
Information and communication technology	**1,476**	1,022
Operating lease rentals – sublease payments	**731**	708
Workers compensation expenses	**45**	9
Payroll tax expenses	**393**	301
Recruitment	**218**	93
Resources received free of charge	**–**	24
Publishing	**144**	172
Conference & Exhibitions	**574**	46
Other	**558**	551
Total goods and services	**5,670**	3,924
Note 3C: Depreciation and Amortisation		
Leasehold improvements	**202**	104
Plant and equipment	**84**	68
Total depreciation and amortisation	**286**	172
Note 3D: Write-down and impairment of assets		
Write-down of non-finanical assets – Plant and equipment	**54**	–
Other	**1**	–
Total Write-down and impairment of assets	**55**	–

Note 4: Income

	2014 $'000	2013 $'000
Own-Source Revenue		
Note 4A: Sale of Goods and Rendering of Services		
Provision of goods	35	100
Rendering of services	261	156
Total sale of goods and rendering of services	296	256
Note 4B: Interest		
Deposits	422	393
Total interest	422	393
Note 4C: Other Revenue		
Conference & Exibition Revenue	766	–
Other Revenue	1	6
Total other revenue	767	6
Gains		
Note 4D: Gains from Sale of Assets		
Plant and equipment		
Proceeds from sale	4	–
Carrying value of assets sold	–	–
Total gains from sale of assets	4	–
Note 4E: Other Gains		
Resources received free of charge	–	39
Total other gains	–	39
Revenue From Governments		
Note 4F: Funding from Commonwealth, State and Territory Governments		
Funding from Commonwealth Government	6,633	5,917
Funding from State and Territory Governments	6,828	6,211
Total funding from Commonwealth, State and Territory Governments	13,461	12,128

Note 5: Fair Value Measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value.

The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Note 5A: Fair Value Measurements

Fair value measurements at the end of the reporting period by hierarchy for assets and liabilities in 2014

| | Fair value $'000 | Fair value measurements at the end of the reporting period using | | |
		Level 1 inputs $'000	Level 2 inputs $'000	Level 3 inputs $'000
Non-financial assets				
Leasehold improvements	158	–	–	158
Plant and equipment	101	–	101	–
Total non-financial assets	259	–	101	158
Total non-financial assets	259	–	101	158
Total fair value measurements of assets in the statement of financial position	259	–	101	158

Fair value measurements – highest and best use differs from current use for non-financial assets (NFAs)

ACECQA's assets are held for operational purposes and not held for the purpose of deriving a profit. The current use of these assets is considered the highest and best use.

Note 5B: Level 1 and Level 2 Transfers for Recurring Fair Value Measurements

There has been no transfers between levels of the hierarchy during the reporting period.

Note 5C: Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements

Level 2 and 3 fair value measurements – valuation technique and the inputs used for assets in 2014

	Category (Level 2 or Level 3)	Fair value $'000	Valuation techniques	Inputs used	Range (weighted average)
Non-financial assets					
Leasehold improvements	Level 3	158	Depreciated replacement cost	Price quotation for similar improvements depreciated over the lease term	6% – 67% (45%)
Plant and equipment	Level 2	101	Market appraisal	Consumed economic benefit/ obsolescence of asset adjusted market transactions	–

Non-recurring Level 2 fair value measurements – valuation processes
ACECQA procured valuation services from Pickles Auctions to undertake a comprehensive valuation at 30 June 2014. ACECQA will test the procedures of the valuation model by internal management review at least once every 12 months (with formal evaluation undertaken once every three years). If a particular class of assets experiences significant and volatile changes in fair value (i.e. where indicator suggests the value of the class has changed materially since the previous reporting period), that class is subject to specific valuation in the reporting period (where practical) regardless of the timing of the last specific valuation.

Recurring Level 3 fair value measurements – valuation processes
ACECQA sought a valuation from the IA Group to provide a comprehensive valuation for a similar office fit-out at 30 June 2014. The fair value is determined using the observed price adjusted for depreciation over the office lease term.

Recurring Level 3 fair value measurements – sensitivity of inputs
The significant unobservable inputs used in the fair value measurement of ACECQA leasehold improvements are the quoted price to replace the leasehold assets less accumulated depreciation to reflect economic benefits, consumed, expired or obsolete. The office lease duration determines the remaining useful life of the assets. Significant increases (decrease) in any of these inputs in isolation would result in a significantly higher (lower) fair value measurement.

Note 5D: Reconciliation for Recurring Level 3 Fair Value Measurements

Recurring Level 3 fair value measurements – reconciliation for assets

	Non-financial assets	
	Leasehold improvements	Total
Opening balance	**153**	**153**
Total gains/(losses) on accumulated depreciation	(220)	(220)
Purchase	225	225
Closing balance	**158**	**158**

The entity's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.

Note 6: Financial Assets

	2014 $'000	2013 $'000
Note 6A: Cash and Cash Equivalents		
Cash on hand and at bank	3,997	4,531
Total cash and cash equivalents	3,997	4,531
Note 6B: Receivables		
Goods and services	–	64
Interest	19	20
Funding from Commonwealth, State and Territory Governments	987	1,076
Total receivables	1,006	1,160
Receivables are expected to be recovered in:		
No more than 12 months	1,006	1,160
Total receivables	1,006	1,160
Receivables are aged as follows:		
Not overdue	1,006	1,142
Overdue by:		
31 to 60 days	–	1
61 to 90 days	–	17
Total receivables	1,006	1,160
Note 6C: Investments		
Term Deposits	10,000	10,000
Total investments	10,000	10,000
Total investments are expected to be recovered in:		
No more than 12 months	10,000	10,000
Total investments	10,000	10,000

Note 7: Non-Financial Assets

	2014 $'000	2013 $'000
Note 7A: Leasehold Improvements		
Fair value	501	301
Accumulated depreciation	(343)	(148)
Total leasehold improvements	158	153

No indicators of impairment were found for leasehold improvements.

	2014 $'000	2013 $'000
Note 7B: Plant and Equipment		
Fair value	102	310
Accumulated depreciation	(1)	(109)
Total plant and equipment	101	201

No indicators of impairment were found for plant and equipment.
No plant and equipment is expected to be sold or disposed of within the next 12 months.

Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated at Note 5. On 30 June 2014, an independent valuer conducted the revaluations.

Net revaluation decrement was $45,372 (2013: nil) and was expensed in the Statement of Comprehensive Income.

Note 7C: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment 2014

	Leasehold Improvements $'000	Plant & equipment $'000	Total $'000
As at 1 July 2013			
Gross book value	302	309	611
Accumulated depreciation and impairment	(149)	(108)	(257)
Net book value 1 July 2013	153	201	354
Additions:			
By purchase	225	21	246
Revaluation recognised in net cost services	(18)	(36)	(54)
Depreciation expense	(202)	(84)	(286)
Disposals:			
Other	–	(1)	(1)
Net book value 30 June 2014	158	101	259
Net book value as of 30 June 2014 represented by:			
Gross book value	501	102	603
Accumulated depreciation and impairment	(343)	(1)	(344)
Net book value 30 June 2014	158	101	259

Note 7C (Cont'd): Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment 2013

	Leasehold Improvements $'000	Plant & equipment $'000	Total $'000
As at 1 July 2012			
Gross book value	249	248	497
Accumulated depreciation and impairment	(45)	(40)	(85)
Net book value 1 July 2012	204	208	412
Additions:			
By purchase	53	51	104
By grant	–	15	15
Depreciation expense	(104)	(68)	(172)
Disposals:			
Other	–	(5)	(5)
Net book value 30 June 2013	153	201	354
by:			
Gross book value	302	309	611
Accumulated depreciation and impairment	(149)	(108)	(257)
Net book value 30 June 2013	153	201	354

	2014 $'000	2013 $'000
Note 7D: Intangibles		
Computer software		
Purchased – in progress	**106**	–
Accumulated amortisation	**–**	–
Total computer software	**106**	–
Total intangibles	**106**	–

No indicators of impairment were found for intangible assets.
No intangibles are expected to be sold or disposed of within the next 12 months.

Note 7E: Reconciliation of the Opening and Closing Balances of Intangibles

	Computer software purchased $'000	Total $'000
As at 1 July 2013		
Gross book value	–	–
Accumulated amortisation and impairment	–	–
Work in progress	–	–
Net book value 1 July 2013	–	–

Additions:		
By purchase	106	106
Amortisation	–	–
Disposals:		
Other	–	–
Net book value 30 June 2014	**106**	106
by:		
Gross book value	–	–
Accumulated amortisation and impairment	–	–
Work in progress	106	106
Net book value 30 June 2014	**106**	106

	2014 $'000	2013 $'000
Note 7F: Inventories		
Inventories held for sale:		
Finished goods	24	–
Total inventories held for sale	**24**	–
Total inventories	**24**	–

During 2014, $7,227 of inventory held for sale was recognised as an expense (2013: nil).

No items of inventory were recognised at fair value less cost to sell.

All inventories are expected to be sold or distributed in the next 12 months.

Note 7G: Other Non-Financial Assets		
Prepayments	**38**	359
Total other non-financial assets	**38**	359
Total other non-financial assets – are expected to be recovered in:		
No more than 12 months	**38**	355
More than 12 months	**–**	4
Total other non-financial assets	**38**	359

No indicators of impairment were found for other non-financial assets.

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Note 8: Payables

	2014 $'000	2013 $'000
Note 8A: Suppliers		
Trade creditors	102	239
Total suppliers payables	102	239
Suppliers payables expected to be settled in:		
No more than 12 months	102	239
Total	102	239

Settlement was usually made within 30 days.

Note 8B: Other Payables		
Wages and salaries	407	334
Superannuation	21	29
Enterprise Agreement backpay	142	–
Lease incentive	–	67
Prepayments received/unearned income	7,456	9,178
GST payable	643	803
Accruals and other payables	187	331
Total other payables	8,856	10,742
Total other payables are expected to be settled in:		
No more than 12 months	8,856	10,742
More than 12 months	–	–
Total other payables	8,856	10,742

ACECQA's Enterprise Agreement 2013–2016 (EA) was approved by the Fair Work Commission on 1 July 2014. Enterprise Agreement backpay includes salary and superannuation liabilities arising from the approved EA to the extent that they have not been settled at 30 June 2014.

Note 9: Provisions

Note 9A: Employee Provisions		
Leave	648	388
Total employee provisions	648	388
Employee provisions are expected to be settled in:		
No more than 12 months	462	269
More than 12 months	186	119
Total employee provisions	648	388

Note 10: Cash Flow Reconciliation

	2014 $'000	2013 $'000
Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement		
Cash and cash equivalents as per:		
Cash flow statement	**3,997**	4,531
Statement of financial position	**3,997**	4,531
Discrepancy	**–**	–
Reconciliation of net cost of services to net cash from/(used by) operating activities		
Net cost of services	**(12,672)**	(9,933)
Revenue from Government	**13,461**	12,128
Adjustments for non-cash items		
Depreciation/amortisation	**286**	172
Resources received free of charge (net)	**–**	(15)
Net write down of non-financial assets	**55**	5
Movements in assets and liabilities		
Assets		
(Increase)/decrease in net receivables	**154**	(393)
Increase in inventories	**(24)**	–
(Increase)/decrease in prepayments	**321**	(226)
Liabilities		
Increase/(decrease) in prepayments received	**(1,722)**	1,757
Increase in employee provisions	**260**	244
Increase/(decrease) in supplier payables	**(157)**	138
Increase/(decrease) in other payable	**(164)**	153
Net cash from (used by) operating activities	**(202)**	4,030

Note 11: Board Members Remuneration and Related Party Transactions

	2014 $	2013 $
Total Board remuneration	219,973	224,128

Notes:

1. Board remuneration is the payments received or due and receivable by twelve Board members (2013: 13 Board members) at the reporting date.
2. Remuneration for the Board is determined by the Education Council, the former Standing Council on School Education and Early Childhood (SCSEEC).
3. On 7 December 2012, the Education Council decided that remuneration for the Board was to be aligned with that of a like agency in the current Remuneration Tribunal Determination for Part-time Offices.

Related Party Transactions

Unless otherwise disclosed, transactions with Board members and Senior Executives are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

Note 12: Senior Executive Remuneration Expenses

	2014 $	2013 $
Short-term employee benefits:		
Salary	794,250	772,962
Other	82,707	75,521
Total short-term employee benefits	876,958	848,483
Post-employment benefits:		
Superannuation	93,508	100,485
Total post-employment benefits	93,508	100,485
Other long-term benefits:		
Annual leave accrued	50,569	63,740
Long-service leave accrued	9,985	16,042
Total other long-term benefits	60,553	79,782
Total employment benefits	1,031,019	1,028,749

Notes:

1. Total employment benefits are prepared on an accrual basis and excludes acting arrangements and part-year service where remuneration expensed was less than $90,000.
2. Salary includes eligible termination payments.
3. Other includes motor vehicle and relocation allowances and reportable fringe benefits.

Note 13: Remuneration of Auditors

	2014 $'000	2013 $'000
Remuneration payable to the Australian National Audit Office (ANAO) for auditing the financial statements for the reporting period.	44	37

No other services were provided by the ANAO.

Note 14: Financial Instruments

	2014 $'000	2013 $'000
Note 14A: Categories of Financial Instruments		
Financial Assets		
Loans and receivables:		
Cash and cash equivalents	3,997	4,531
Trade and other receivables	1,006	1,160
Investments	10,000	10,000
Total	15,003	15,691
Total financial assets	15,003	15,691
Financial Liabilities		
At amortised cost:		
Trade creditors	102	239
Wages and salaries	407	334
Superannuation	21	29
Enterprise Agreement backpay	142	–
Lease incentive	–	67
Prepayments received/unearned income	7,456	9,178
GST payable	643	803
Accruals and other payables	187	331
Total financial liabilities	8,958	10,981
Note 14B: Net Gains or Losses on Financial Assets		
Loans and receivables		
Interest revenue	422	393
Net gains/(losses) on financial assets	422	393

There were no net income/expenses from financial assets not at fair value from profit and loss.

Note 14C: Fair Value of Financial Instruments

As ACECQA only holds basic financial instruments (cash, receivables, investments in term deposits and payables), the carrying amounts are a reasonable approximation of fair value.

Note 14D: Credit Risk

ACECQA is exposed to minimal credit risk as loans and receivables are cash, cash on deposit and trade receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables of $1,006,000 (2013: $1,160,000).

ACECQA has assessed the risk of default on payment and has decided not to allocate an impairment allowance account.

ACECQA manages its credit risk by undertaking background and credit checks prior to allowing a debtor relationship.

ACECQA has no collateral to mitigate against credit risk.

Credit quality of financial instruments not past due or individually determined as impaired

	Not past due nor impaired	Not past due nor impaired	Past due or impaired	Past due or impaired
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Cash and cash equivalents	3,997	4,531	–	–
Trade and other receivables	1,006	1,142	–	18
Investments	10,000	10,000	–	–
Total	**15,003**	15,673	**–**	18

Ageing of financial assets that were past due but not impaired for 2014

	0 to 30 days $'000	31 to 60 days $'000	61 to 90 days $'000	90+ days $'000	Total $'000
Financial assets					
Trade and other receivables	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**

Ageing of financial assets that were past due but not impaired for 2013

	0 to 30 days $'000	31 to 60 days $'000	61 to 90 days $'000	90+ days $'000	Total $'000
Financial assets					
Trade and other receivables	–	1	17	–	18
Total	**–**	**1**	**17**	**–**	**18**

Note 14E: Liquidity Risk

The entity's financial liabilities were payables. The exposure to liquidity risk was based on the notion that the entity will encounter difficulty in meeting its obligations associated with financial liabilities. The continued existence of ACECQA in its present form is dependent on government policy in each of the Children's Education and Care Services jurisdictions and on continuing contributions from Commonwealth, States and Territories. ACECQA has internal policies and procedures in place to ensure there are sufficient funds to meet payments as they fall due and has no past experience of default. The following table illustrates the maturities for financial liabilities.

Maturities for non-derivative financial liabilities 2014

	On demand $'000	within 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	>5 years $'000	Total $'000
Trade creditors		102				102
Wages and salaries		407				407
Superannuation		21				21
Enterprise Agreement backpay		142				142
Lease incentive		–				–
Prepayments		7,456				7,456
GST payable		643				643
Accruals and other payables		187				187
Total		**8,958**	**–**	**–**	**–**	**8,958**

Maturities for non-derivative financial liabilities 2013

	On demand $'000	within 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	>5 years $'000	Total $'000
Trade creditors		239				239
Wages and salaries		334				334
Superannuation		29				29
Lease incentive		67				67
Prepayments received/unearned income		9,178				9,178
GST payable		803				803
Accruals and other payables		331				331
Total		10,981	–	–	–	10,981

ACECQA had no derivative financial liabilities in either 2014 or 2013.

Note 14F: Market Risk

ACECQA's exposure to market risk is insignificant as it only holds basic financial instruments. There is no exposure to interest rate risk as there is no interest bearing liabilities. In addition, there is no exposure to foreign currency or other price risk.

End of Financial Statements

Appendices

Appendix A
Letter of Expectation 2012–14

SCSEEC
Standing Council on School Education and Early Childhood

Ms Rachel Hunter
Chair
Australia Children's Education and Care Quality Authority
PO Box A292
Sydney NSW 1235

Dear Ms Hunter,

Australian Children's Education and Care Quality Authority:

Letter of Expectation for 2012-2014

I am writing to set out the Standing Council on School Education and Early Childhood's (SCSEEC) priorities and expectations for the Australian Children's Education and Care Quality Authority (ACECQA) Board from 1 July 2012 to 30 June 2014.

Purpose

This Letter of Expectation is from SCSEEC to ACECQA. It sets out SCSEEC's strategic priorities and high level performance expectations for the ACECQA Board. This Letter of Expectation will inform ACECQA's Strategic Plan and operational work plans.

Context

The Australian, state and territory governments are committed to increasing their focus on the early years (birth to eight years) to ensure the wellbeing of children throughout their lives. This commitment is in line with the vision of the Early Childhood Development Strategy endorsed by the Council of Australian Governments (COAG) in July 2009, that 'by 2020 all children have the best start in life to create a better future for themselves, and for the nation'.

The *National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care* (National Partnership Agreement) is contributing to achieving these agreed outcomes, by giving effect to COAG's decision in December 2009 to establish a jointly governed unified National Quality Framework (NQF) for early childhood education and care and school aged care services.

A key outcome of the NQF is to deliver an integrated and unified national regulatory and quality assurance system for early childhood education and care and school aged services, which is jointly governed and which drives continuous quality improvement.

ACECQA has responsibility for managing the implementation of the NQF according to the Multilateral Implementation Plan (MIP) and reporting to the SCSEEC on behalf of all parties to the National Partnership Agreement.

The National Partnership Agreement also sets out when reviews will occur and ACECQA is expected to participate in and contribute to these review processes and provide information and advice as required.

Strategic Priorities

ACECQA's success and the performance of the Board will be judged primarily by ACECQA undertaking the full range of functions set out in *Education and Care Services National Law Act 2010* (the National Law) and the *Education and Care Services National Regulations 2011*. ACECQAwill guide the implementation and administration of the NQF and promote and foster continuous quality improvement by services, with a key focus on:

- establishing effective and efficient procedures to promote national consistency in the implementation of the NQF

- working collaboratively with Regulatory Authorities, the Australian, state and territory governments through the Early Childhood Development Working Group (ECDWG) and the Australian Education, Early Childhood Development and Youth Senior Officials Committee (AEEYSOC) to ensure a shared understanding and agreed approach to the NQF

- monitoring and assisting in assessment and ratings, including establishing clear, objective criteria and processes for determining the Excellent rating and second tier reviews

- owning and maintaining the National IT System including day to day administration, facilitation of IT training for jurisdictions and consideration and facilitation of possible enhancements to the system

- operating efficiently and effectively to deliver leading outcomes and reduce regulatory burden within the sector

- developing a comprehensive communication and engagement strategy to educate and inform the education and care sector about the importance of quality early childhood education and care, including facilitating development and publication of additional guides and resources that may be required for services and the community, and

- support the delivery, maintain consistency and evaluate training resources for authorised officers.

Administering the NQF and promoting national consistency

A key function of ACECQA is to guide the implementation and administration of the NQF by monitoring and promoting consistency in its implementation and administration. This will include providing guidance to state and territory Regulatory Authorities to encourage best practice and comparable outcomes in the administration of approvals, assessments and ratings and compliance and enforcement, consistent with the National Law. This should be viewed from the perspective of services or educators and their experience of the system.

To be a highly credible national body, ACECQA must be an expert in the content and operation of the *Education and Care Services National Law Act 2010*, the Education and *Care Services National Regulations 2011*, operational policy and training materials.

To ensure the reputation of the NQF as an efficient and effective national system that is focussed on quality educational and care outcomes for children, it will be important for ACECOA to undertake a range of activities, including:

- develop streamlined and reliable systems to monitor and identity any emerging issues or risks that impact on the effective implementation of the NQF, and where necessary develop practical operational solutions

- implement a national audit program aimed at identifying operational improvements to inform and provide guidance to state and territory Regulatory Authorities

- identify and collect data to assist in any reviews of the NQF required under the National Partnership Agreement, and

- develop a national evidence base to support the achievements of the NQA and its outcomes.

Effective collaboration with the Australian, state and teniiOFy governments

The SCSEEC expects that ACECQA v.ill work collaboratively both as a leader and a stakeholder and build strong working relationships with ECDWG and AEEYSOC and Regulatory Authorities, in accordance with the Protocols Framework between the parties.

ACECQA and the Regulatory Authorities will act in a spirit of cooperation and ACECQA v.ill provide regular advice to the Regulatory Authorities, ECDWG and AEEYSOC in relation to the collection of information and the evaluation of the NQF. ACECQA will work to minimise the regulatory burden on state and territory Regulatory Authorities and services.

In recognition of the ongoing policy role that the Australian, state and territory governments have in relation to the NQF, ACECQA will consult with ECDWG and AEEYSOC on issues that arise in connection with the implementation and ongoing progress of the NQF. This ensures that broader policy implications are taken into account in dealing with NQF implementation issues and advice on possible changes to the National Law and National Regulations.

ACECQA will also need to work closely with other government bodies, such as AITSL and other relevant bodies on early childhood teacher professional standards and the accreditation ofTeacher Education Programs.

Operate efficiently and effectively to deliver leading outcomes and reduce regulatory burden within the Sector

ACECQA is expected to work efficiently and effectively within a tight fiscal environment and with regard to the resource impact on Regulatory Authorities and the Australian, state and territory governments. ACECQA is expected to focus on areas of work with the highest priority and implement efficient and effective systems that minimise regulatory burden for services and Regulatory Authorities.

ACECQA is also expected to identify, where possible, forward budget shortfalls to allow sufficient time for all jurisdictions to negotiate additional funding as needed through SCSEEC.

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Education and awareness

Education and awareness is a key mechanism to increase the visibility of the importance of quality early childhood education and the consistent implementation of the NQF. The SCSEEC expects ACECQA to be the public face and voice for the implementation of the NQF and quality early childhood education and care in Australia. Engagement should be open and transparent to ensure, among other matters, that the advice and services ACECQA provides meets the needs and expectations of all stakeholders.

ACECQA will work wllh Regulatory Authorities and the Australian, state and territory governments to develop a comprehensive communication and engagement strategy to educate and inform the education and care sector, community and parents about the NQF in a timely fashion and the importance of quality early childhood education and care.

ACECQA should remain committed to undertaking research to ensure governments and the sector are across the latest developments and to enable policy and practice in Australia to be informed by the most current research and best practice methods.

Governance

The Board is responsible for ensuring that ACECQA meets its statutory requirements and undertakes the range of functions detailed in the National Law properly and efficiently. The Board will provide strategic direction and leadership for ACECQA and formulate strategies for discharging its functions in relation to the NQF within current resourcing and ensure that the highest priority and resources are given to effectively undertaking its strategic priorities as set out in this Letter.

The SCSEEC expects the Board will meet at least quarterly as appropriate to the Board's work program and priorities.

Relationship between the SCSEEC and ACECQA

The relationship between the SCSEEC and ACECQA is guided by the Decision Making and Governance Protocols for Ministerial Council Ministerial Authorities and Companies, which were approved by Ministers on 8 July 2011.

The Chair of the Board will report to and advise the SCSEEC, on behalf of the Board, about any matters of concern in the administration of the NQF.

From time to time, the SCSEEC may choose to seek advice from ACECQA regarding quality issues related to early childhood education and care and school aged care. In undertaking its activities, ACECQA may also refer issues to the SCSEEC for its consideration, through AEEYSOC, following consultation with ECDWG.

ACECQA's chair or Chief Executive Officer (CEO) will be invited to attend ECDWG and AEEYSOC meetings as an observer or, if requested, participate in discussions for items that relate to the business of the organisation and other items as determined by ECDWG and AEEYSOC. ECDWG and AEEYSOC will also provide relevant information to ACECQA on items discussed at meetings or from ECDWG and AEEYSOC papers.

Reporting

ACECQA will prepare a Strategic Plan and budget to assist in ensuring that ACECQA continues to meet the strategic needs of the SCSEEC.

Commencing from 2012113, ACECQA will provide an annual forward work plan on a financial year basis each year. The plan will set out the key deliverables, budget and timelines for addressing the strategic directions and work priorities set out in this Letter. The annual work plan should be provided to the last SCSEEC meeting in the previous financial year.

ACECQA will provide written progress reports to the SCSEEC twice a year, in April and October, or to correspond with theclosest scheduled meetings of the SCSEEC. The reports should draw input from all parties to the MIP and outline progress on the implementation ofthe NQF, including:

- significant indicators of quality of ECEC across Australia

- progress against the key performance indicators outlined in the MIP

- ACECQA's performance against its functions specified in the National Law and this Letter of Expectation

- advice on the operation of the National Quality Standards, the rating system and fees

- advice on key strategic activities and any emerging issues, and

- the evidence base and any other relevant information pertaining to the quality or efficiency of the early childhood education and care sector.

Conclusion

On behalf of the SCSEEC, I look forward to working with you in overseeing the implementation of the NQF and meeting the Australian public's desire for improved quality in early childhood education and care. I look forward lo hearing about ACECQA's progress on its activities and on the roll out of the NQF through the course of the year.

Yours sincerely

The Hon. Peter Collier MLC

Chair

Standing Council on School Education and Early Childhood

– 3 SEP 2012

Appendix B
Chair's response to Letter of Expectation 2012–14

15 October 2012

The Hon. Peter Collier MLC
Chair
Standing Council for School Education and Early Childhood
PO Box 202
Carlton South Vic 3053

Dear Minister

Thank you for your Letter of Expectation for 2012-14 outlining the priorities and expectations of the Standing Council on School Education and Early Childhood (SCSEEC) for the Board of the Australian Children's Education and Care Quality Authority (ACECQA). This is a letter of response on behalf of the Board.

As you are aware, ACECQA formally commenced operations on 1 January 2012 and is providing national leadership to support the implementation of the National Quality Framework (NQF) for Early Childhood Education and Care. ACECQA is working with the Australian, state and territory governments and the education and care sector to implement changes that will benefit young children and their families.

ACECQA notes and supports the strategic priorities outlined in the Letter of Expectation for 2012-14. ACECQA's inaugural Strategic Plan 2012-16 and Operational Work Plan 2012-13 align with these strategic priorities and reflect the organisation's commitment to allocating the highest importance and resources toward meeting these priorities. ACECQA will review the Strategic Plan and Operational Work Plan in light of the Letter of Expectation for 2012-14 to ensure all strategic priorities and expectations remain central to ACECQA's focus.

In its first year of operation, ACECQA has been progressively assuming its leadership role for the Australian children's education and care sector. Increasingly, ACECQA is building towards meeting Council's expectation of being the public face and voice for the implementation of the NQF and quality early childhood education and care in Australia. The Authority has collaborated effectively with sector stakeholders to build the underlying capacity and capability of the systems and processes that are enabling the successful rollout of the NQF. ACECQA's progress against, and future planning to address, the strategic priorities and expectations within the Letter of Expectation for 2012-14 are detailed under the following eight themes.

1. Administering the NQF and promoting national consistency

In line with the ACECQA Strategic Plan 2012-16, the Authority's mission is to guide and monitor the consistent implementation of the *Education and Care Services National Law Act 2010* (National Law). This is being achieved through a comprehensive strategy for the consistent implementation of the NQF. A nationally consistent approach will build the integrity of the NQF and contribute to improved quality outcomes for children, families and the community.

ACECQA's strategic priority of guiding implementation included the development of a National Consistency Action Plan (NCAP) for 2012-13 in consultation with stakeholders. The NCAP includes priority areas for supporting, monitoring and auditing consistency. ACECQA has been implementing the NCAP since Board endorsement in March 2012, and work has commenced on the development of a strategy to undertake national audits of the administration of the NQF.

In February 2012, ACECQA established a Quality and Consistency Committee (QaCC) comprising representatives from ACECQA, all state and territory regulatory authorities and the Australian Government. The QaCC continues to meet every six weeks and provides a mechanism for state, territory and national authorities to inform and assist each other to better implement the NQF consistently across Australia. The QaCC engages with the ACECQA Board and the Early Childhood Development Working Group (ECDWG) on its activities.

As part of its regulatory authority support and training strategy, ACECQA has also established the Training Working Group (TWG) under the QaCC. The TWG has representatives from each jurisdiction and is co-chaired by the Northern Territory. The TWG's purpose is to collaborate and advise ACECQA on providing consistent and effective support and training for staff of regulatory authorities.

ACECQA also convenes an Implementation Issues Working Group (IIWG) to support national consistency by identifying, prioritising and resolving operational and regulatory policy issues as they emerge. The IIWG comprises representatives from each regulatory authority and the Australian Government Department of Education, Employment and Workplace Relations (DEEWR). A national register of issues identified by the IIWG is maintained by ACECQA. The register details the approach and actions implemented by relevant parties to ensure appropriate resolution of identified issues. The IIWG will continue to meet every three weeks

Another priority has been the development of an operational policy manual for authorised officers responsible for regulating the NQF. This manual was developed by the ECDWG and handed over to ACECQA to finalise. The purpose of the manual is to assist authorised

officers to understand and consistently apply the National Law and the Education and Care Services National Regulations 2011 (National Regulations). The manual will continue to be an important tool to support national consistency in the implementation of the NQF.

2. Effective collaboration with the Australian, state and territory governments

Engaging and communicating is another ACECQA strategic priority that informs all of the Authority's functions. ACECQA's role as a champion of quality improvement in education and care services is dependent on strong, cooperative working relationships with all stakeholders engaged in the implementation of the NQF.

ACECQA has been actively engaging with the Australian, state and territory governments through its interactions with and reporting to the Australian Education, Early Childhood Development and Youth Affairs Senior Officials Committee (AEEYSOC). ACECQA continues to provide progress updates on its

establishment and functions across qualifications and training, consistency, operations and communications, and consults on matters requiring national collaboration that affect the funding, ownership and regulatory dimension of AEEYSOC members' responsibilities.

Since December 2011, ACECQA has been holding regular bilateral meetings with each jurisdiction. These meetings provide a valuable opportunity for ACECQA to understand any implementation issues for each jurisdiction and their transition strategies.

To reinforce effective collaboration, a draft protocols framework has been developed between the Australian Government, ACECQA, ECDWG and state and territory regulatory authorities. The framework covers matters relating to:

- governance
- representation on committees and attendance at meetings
- internal and external communications
- exchange of information
- national consistency
- dispute resolution and critical incidents.

ACECQA has recently undertaken refinements to the protocols framework in consultation with the Australian, state and territory governments and will submit the framework to SCSEEC once endorsed by all jurisdictions.

The QaCC has also established four working groups to collaborate on cross-jurisdictional issues. The working groups operate through a co-chairing arrangement between ACECQA and a nominated jurisdiction. The working groups are supporting effective collaboration by ensuring state, territory and national authority operational policies are aligned to relevant legislation and regulations, and are assisting ACECQA to implement effective governance processes for its monitoring and reporting functions.

Through the QaCC and its working groups, ACECQA will continue to work with regulatory

authorities, the Australian Government and state and territory governments through ECDWG and AEEYSOC.

3. Operate efficiently and effectively to deliver leading outcomes and reduce regulatory burden within the education and care sector

In carrying out its functions, ACECQA must ensure that the regulatory burden on education and care services is minimised as far as possible. To date, ACECQA has focussed on:

- hearing from services on their experiences of the new system
- ensuring accessible information for services through its website to minimise the regulatory burden of implementing the new system
- considering the future regulatory impact on services in developing the draft criteria for the 'Excellent' rating.

A range of tools, resources and mechanisms have been developed to support a nationally integrated system. These include a NQF Resource Kit, an operational policy manual, and a series of Frequently Asked Questions.

ACECQA is currently planning to undertake research that will measure education and care services' experience of regulatory burden under the NQF. The findings of this research will be reported to SCSEEC in line with the Multilateral Implementation Plan (MIP) reporting requirements.

4. Assessment and ratings

ACECQA's strategic priorities are geared toward supporting consistency in the new national approach to the assessment and reporting of the quality of education and care services across the variety of service settings. The relevant regulatory authority in each state and territory undertakes the assessment and rating process, with ACECQA providing oversight of the assessment and rating system. ACECQA is also responsible for determining the criteria for excellence, creating awareness in the sector and community about the new assessment and rating process, assessing and rating

services for the Excellent rating, and managing the process for a further 'second tier' review by a ratings review panel of the rating levels confirmed or amended by state and territory regulatory authorities.

ACECQA is represented on the ECDWG steering committee that was established to progress work on the evaluation of the assessment and rating system, which is due for completion in November 2012. ACECQA has also worked with jurisdictions to finalise guidelines on first tier rating reviews in an effort to support national consistency. Consistent review of ratings at first tier will reduce the number of applications for second tier review.

In addition to supporting regulatory authorities, ACECEQA has been developing its own procedures for second tier review processes. The ACECQA Board is responsible

for establishing a pool of experts to act as members of ratings review panels and for establishing ratings review panels to conduct further reviews. ACECQA is preparing to manage and provide administrative support to ratings review panels and process applications for second tier reviews, which may be received from October 2012.

The final criteria for the Excellent rating were released at the ACECQA Forum on 28 August and were published to the ACECQA website, along with a purpose statement for the rating. ACECQA will publish guidelines for the Excellent rating in late 2012, noting that approved providers with a service rated as Exceeding the National Quality Standard overall cannot apply until the relevant sections of the National Law have been proclaimed.

Through the National Partnership Agreement, Australian, state and territory governments agreed that it is important for families to be able to make informed choices about education and care for their children. The provisions of the National Law requiring ACECQA to keep national information on the assessment, rating and regulation of education and care services, and to publish, monitor and review ratings of approved education and care services are expected to be proclaimed in 2012-13. Future publication of ratings will give families information about the quality of education and care provided at each service. ACECQA will also use assessment and ratings data to inform strategies for quality improvement.

5. Education and awareness

Educating and informing services and the community about the NQF is a key function under the National Law. ACECQA acknowledges the expectation of being the public face and voice for the implementation of the NQF and quality children's education and care in Australia. This expectation is reflected in ACECQA's strategic priority to engage and communicate with stakeholders to ensure ACECQA's contribution to improving outcomes for children in education and care services is understood and valued.

ACECQA is actively engaging with the education and care sector. This has included online communication with resources and guides made available on the website, publication of an electronic newsletter and responding to individual queries by email and phone. Since 1 January 2012, ACECQA representatives have spoken at almost 50 events, presenting to a combined audience of more than 7500 people. The Board Chair, CEO and Executive have addressed public meetings and heard from educators, owners, academics and parents about the opportunities and challenges of the new system. This has included participation in a National Listening Tour.

ACECQA has also established the ACECQA Forum. The Forum is a national stakeholder reference group with members representing a wide range of interests including providers, family associations, unions, universities and research organisations and education and care peak organisations. The Forum is a central method for consulting and engaging with organisations representing the interests of educators, providers and families. The inaugural

ACECQA Forum was held in Sydney on 28 August 2012. The next face to face meeting will be held in Melbourne in early 2013, with members making use of on-line engagement tools and teleconferencing to support ongoing participation between sessions.

ACECQA will work with the regulatory authorities, the Australian Government and state and territory governments to develop a comprehensive communications and engagement strategy to educate and inform the sector about the importance of quality children's education and care. Through the Communications Working Group established under the QaCC, a families engagement strategy is being developed and will be finalised in 2012.

ACECQA places a high value on its role in providing expertise on the content and operation of the National Law and National Regulations, as well as operational policy and training materials. Implementing ACECQA's research and education strategic priority will further position ACECQA as a highly credible national body in children's education and care. To support this function, the Board has agreed to establish a Research Advisory Committee (RAC). The RAC will be a forum for the identification, discussion and planning of ACECQA's research agenda and for making recommendations on research priorities to the Board. The research agenda will be formulated to position ACECQA as a provider of information to governments and the sector about the latest developments, and will aid policy and practice in Australia to be informed by current research and best practice methods.

ACECQA is also developing relationships with a number of research bodies. This led to the establishment of a collaborative research project between ACECQA and the Australian Institute for Teaching and School Leadership to explore the potential application of the National Professional Standards for Teachers to teachers in early childhood settings. Findings of this project will become available in 2012-13.

6. National Quality Agenda IT System

Under the National Partnership Agreement, the Australian, state and territory governments agreed to work collaboratively to implement a National Quality Agenda (NQA) IT System. The national database and customer relationship management component of the NQA IT System went live in January 2012. The secure portal element of the NQA IT System is a phased implementation with the first phase going live in August 2012. It is expected that the NQA IT System should be ready to transfer from Education Services Australia to ACECQA after the second stage of the external portal is complete towards the end of 2012.

In preparation for assuming responsibility for the NQA IT System, ACECQA has progressively built its in-house knowledge of the System and is working in collaboration with the ECDWG and its NQA IT System Project Management Committee on a transition strategy. The strategy addresses matters relating to the system's governance and funding, vendor arrangements and help desk, knowledge building and training, human resources, data quality, research and reporting, communication, as well as challenges, solutions, enhancements and risks.

Future funding for the NQA IT System is yet to be determined. ACECQA will be presenting options to AEEYSOC in 2012.

7. Governance

By the end of 2012, the ACECQA Board will have met six times in the calendar year. Regular meetings of the Board are supporting effective governance and robust decision and policy making to ensure ACECQA meets its obligations and objectives in its early stages of operation. A Board Sub-Committee on Audit, Risk and Finance is also providing oversight and monitoring of governance, risk and control frameworks, financial performance and external accountability requirements.

ACECQA has provided SCSEEC with its Board Charter detailing the authority, role, responsibilities and operation of the Board. In order to promote a high level of transparency and accountability, the Board also provides a summary of Board resolutions and key messages to the SCSEEC Secretariat on conclusion of each meeting for circulation to SCSEEC and the Australian Education, Early Childhood Development & Youth Senior Officials Committee (AEEYSOC). These reports ensure Ministers and Senior Officials remain informed of important issues in the administration of the NQF.

ACECQA is committed to providing timely advice in response to requests from SCSEEC on all children's education and care quality matters and will continue to ensure the Chair or CEO are available to attend meetings of the ECDWG and AEEYSOC when invited. ACECQA also appreciates the opportunity to refer relevant issues to SCSEEC for its consideration and values the information provided by AEEYSOC and ECDWG on items discussed at meetings.

8. Reporting

The Board notes its reporting requirements stipulated in the Letter of Expectation for 2012-14 and commits to meeting its reporting obligations to SCSEEC and other bodies. The Board provides a progress statement on these requirements as follows:

- *prepare a Strategic Plan and budget to assist in ensuring that ACECQA continues to meet the strategic needs of SCSEEC*

The inaugural ACECQA Strategic Plan 2012-16 was endorsed by the Board in December 2011 and aligns with the strategic priorities contained in the SCSEEC Letter of Expectation for 2011-12. As noted above, the Board will shortly review the Strategic Plan to ensure the strategic priorities and expectations outlined in the Letter of Expectation for 2012-14 are addressed. ACECQA is mindful of operating within a tight fiscal environment and with regard to the resource implications for jurisdictions. The Board approved the ACECQA Budget for July 2012 to June 2013 and adopted a strategic approach to ensuring the functions of the organisation are discharged efficiently and effectively within current levels of resourcing.

- *provide SCSEEC with an annual forward work plan on a financial year basis. The plan will set out the key deliverables, budget and timelines for addressing the strategic directions and work priorities as set out in the Letter of Expectation.*

A comprehensive Operational Work Plan (Work Plan) for 2012-13 was approved by the Board in March 2012 and endorsed by SCSEEC in April 2012. ACECQA will review and adjust the Work Plan as necessary throughout 2012-13 and submit updates to SCSEEC every six months. A revised Work Plan will next be provided to SCSEEC in October 2012.

- *provide written progress reports to the SCSEEC twice a year, in April or October, or to correspond with the closest scheduled meetings of the SCSEEC.*

In April 2012, ACECQA provided SCSEEC with its first report against the MIP for the National Quality Agenda for Early Childhood Education and Care. The report was developed in consultation with all jurisdictions and detailed activities undertaken in line with ACECQA's key performance indicators in both the transition phase and implementation phase to end March 2012. The October 2012 report against the MIP will provide further details on implementation progress and be informed by available national data.

In addition to the reporting requirements noted in the Letter of Expectation for 2012-14, ACECQA is committed to providing SCSEEC with other reports that it considers necessary in the performance of its functions.

The Board looks forward to ACECQA being enabled over the coming months to complete all of its functions under the National Law and to realising all strategic priorities outlined in the Letter of Expectation for 2012-14. The Board also looks forward to continuing to work collaboratively with SCSEEC and providing further progress on ACECQA's activities to enhance the quality of children's education and care services across Australia.

Yours sincerely

Rachel Hunter
ACECQA Board Chair

Appendix C
ACECQA Board membership

Rachel Hunter
Chair

Rachel Hunter holds Board directorships with UQ College and Service Trades College Australia. Rachel was formerly the Chair of QCOMP and of Legal Aid Queensland, Deputy Chair of the Queensland Performing Arts Trust Board, and member of the Griffith University Council. Rachel retired from the position of Director-General of the Department of Justice (including private and public sector industrial relations and workplace health and safety) in July 2010. Rachel's previous roles as CEO included Director-General of the Department of Education, Training and the Arts, and Director-General of the Department of Justice and Attorney-General. She also served as Queensland's Public Service Commissioner. Rachel was Chair of TAFE Queensland, and as such was the lead executive and spokesperson for the TAFE system. Rachel has an acute interest in the role education and the arts play in individual, community and economic development.

Professor Collette Tayler
Deputy Chair

Professor Collette Tayler holds the Chair in Early Childhood Education and Care (ECEC) at The University of Melbourne. Collette is co-author of the OECD Report *Starting Strong II*, an international analysis of ECEC policy and provision. She directs the E4Kids (Effective Early Educational Experiences) longitudinal study and leads the Master of Teaching (Early Childhood) program at the Melbourne Graduate School of Education.

Tracey Bradley

Tracey Bradley is the Executive Manager, Organisational and Community Development at Waratah-Wynyard Council. Her responsibilities include: Tourism, Community Development, Early Years, Risk, Health and Safety and Human Resources. She has worked in local government for over 30 years and is well known for her passion and commitment for children and communities, including through her work in regional areas and developing innovative programs for the early years.Tracey has been involved at a state and national level on a number of boards and committees, including the Local Government Managers Association and the Tasmanian Minister Child Care Advisory Council.

Mark Brown

Mark Brown is the Director, Education and Training Regulation, Department of Education Services, in Western Australia. Mark has been involved in education in WA since 1974 as a primary school teacher, university lecturer, curriculum and assessment manager, and director for Kindergarten to Year 12 curriculum in WA.In recent years, he has managed the registration of non-government schools (Kindergarten to Year 12) before being appointed as director for education and training regulation in 2009.

Professor Alison Elliott

Professor Alison Elliott has extensive cross sectorial and cross jurisdiction experience in early education research, policy and management. She is widely recognised for her expertise in children's education and care, particularly in young children's learning and wellbeing especially those in remote and economically vulnerable communities. Professor Elliott has held a range of academic and leadership positions in the university sector, has served on and/or held executive positions on a range of boards, committees and early childhood advisory and reference groups, published widely in the field of early education and care, and is a Fellow of the Australian College of Educators. She is the long time editor of the leading professional publication *Every Child.*

Gayle Ginnane

Gayle Ginnane is a former senior public servant with a background as a financial regulator. Gayle has worked in several Australian Government agencies and been involved with a number of voluntary organisations including at senior and board levels. She is now an independent director with a number of board appointments including at the former National Childcare Accreditation Council. Gayle has considerable experience in board governance and finance.

Tonia Godhard AM

Tonia Godhard has worked for more than 40 years in various roles in early childhood. She has been a teacher and director in services in Sydney and London and an academic with special interests in learning through play, special education and management. She has held a number of senior roles in a range of community based children's services organisations including the position as CEO of SDN Children's Services. She sits on a number of boards and committees. Tonia is committed to strong advocacy for young children and raising the quality of services for children and their families. She has been the national president of Early Childhood Australia, the inaugural chair of the National Children's Services Forum and a board member of the National Childcare Accreditation Council. In 2002 Tonia was awarded the Member of Order of Australia for service as an advocate for early childhood education and care and to organisations that promote opportunities for children. In 2005 she was awarded a Macquarie University Alumni Award for distinguished service to the early childhood profession.

Professor Pauline Harris

Professor Pauline Harris is the Lillian de Lissa Chair, Early Childhood (Research) at the University of South Australia, in partnership with SA Department of Education and Children's Services. Pauline's previous academic appointment was at the University of Wollongong for 20 years, where she specialised in early childhood play, curriculum, language and literacy. She has authored numerous journal articles, book chapters and books, and is/has been lead investigator on three significant Australian Research Council Discovery projects.

Michael Manthorpe PSM

Michael Manthorpe joined the Department of Immigration and Border Protection in July 2013. He is Deputy Secretary of the Portfolio Reform Task Force. Reporting to the Department's Secretary and the CEO of the Service, the Task Force is leading the consolidation of both organisations into one agency and the establishment of the new Australian Border Force from 1 July 2015.

Michael previously worked in the Department of Education, Employment and Workplace Relations and its predecessors for 25 years, where he worked across programme, policy, corporate, crisis management and strategy roles. He was awarded the Public Service Medal in 2010 for his leadership of the government's handling of the insolvency of ABC Learning childcare centres.He grew up in Queensland and studied journalism and history at the University of Queensland

June McLoughlin

June McLoughlin has expertise in policy and service development within children's education and care, disability parenting and family support fields. June has managed many state and national projects designed to refocus early years services to provide more integrated support for families with young children. June holds positions on a number of boards and committees and was the Chair of the former National Childcare Accreditation Council Board.

Amanda Morphett

Amanda Morphett's most recent role was as the Senior Director of South Coogee Children's Service, responsible for both early learning and out of school hours care programs. Prior to taking up this role in 2013 she was the Director of Jenny Wren Early Learning Centre and Outside School Hours Care Program in Canberra, where she was an active advocate for the quality agenda in the local early childhood community. Her previous board roles include National President of Childcare Associations Australia, and State President of the ACT Children's Services Association.

Anne Reddell

Anne Reddell was Executive Director in the Office for Early Childhood Education and Care, Queensland Department of Education and Training until her retirement in July 2012. Anne has a proven track record in children's education and care and a strong commitment to improving outcomes for children and supporting families. She has dedicated 20 years to leading Queensland Government policy and service delivery, with a focus on early childhood development and education and care. Anne has held senior positions guiding the regulation of early childhood services, funding for non government organisations, regional service delivery and regulation, policy development and representing Queensland in national negotiations to improve the quality of early childhood services. Anne continues to work with the early childhood sector in Queensland.

Appendix D
Board meeting attendance

Meetings of the ACECQA Board 1 July 2013 to 30 June 2014

Date	Meeting	Apologies	Location
11–12 July 2013	Meeting 3/2013	Collette Tayler	Perth
11 September 2013	Meeting 4/2013	Nil	Sydney
6 December 2013	Meeting 5/2013	Michael Manthorpe June McLoughlin Amanda Morphett	Sydney
21 February 2014	Meeting 1/2014	June McLoughlin	Sydney
15–16 May 2014	Meeting 2/2014	Michael Manthorpe (apology for day 1)	Hobart

Appendix E
ACECQA Board committee and working group meetings

Committees and Working Groups	Members	Meetings 1 July 2013 – 30 June 2014
Audit, Finance and Risk Sub Committee	Gayle Ginnane (Chair) Tonia Godhard Tracey Bradley *External members* Ken Barker	29 August 2013 8 October 2013 28 November 2013 6 February 2014 1 May 2014
Educator Qualifications Working Group	Anne Reddell (Chair) Collette Tayler Tonia Godhard Alison Elliott Mark Brown Pauline Harris	8 August 2013
Policy Advisory Committee	Anne Reddell (Chair) Collette Tayler Tonia Godhard Alison Elliott Mark Brown Pauline Harris	8 November 2013 12 February 2014 28 April 2014
Research Advisory Committee	Collette Tayler (Co-Chair) Pauline Harris June McLoughlin *External members* Dr David Kalisch (Co-Chair) Emeritus Professor Maryann Bin-Sallik Ms Pam Cahir Professor Ross Homel Ruth Callaghan	5 August 2013
Performance and Remuneration Sub Committee	Rachel Hunter (Chair) Michael Manthorpe Gayle Ginnane Tracey Bradley	6 September 2013 10 December 2013 21 March 2014 28 March 2014 6 June 2014
Authorised Officer Workforce Development Project Working Group	Alison Elliott Mark Brown Tonia Godhard *External members* Christine Quirk Madeleine Smith Sherylee Dawe	16 July 2013 25 October 2013

Appendix F
ACECQA major speaking and sector engagements

National Children's Services Forum, Canberra	2 July 2013
DEEWR State IPSP Forum, Sydney	10 July 2013
The Vital Years Steiner Conference, Collaroy	11 July 2013
ACECQA Western Australian stakeholder reception, Perth	11 July 2013
National TAFE Children's Services Teachers Conference, Sunshine Coast	17 July 2013
ATRA/ACECQA Higher Education program application requirements, Brisbane	18 July 2013
Outdoor Environments in Early Childhood, Logan	8 August 2013
Queensland Children's Activities Network (QCAN) State Conference, Gold Coast	9 August 2013
KU Children's Services Directors Professional Learning Conference, Sydney	14 August 2013
ACECQA's NQF Conference, Sydney	12–13 September 2013
South Australian stakeholder meeting, Adelaide	22 October 2013
Educator seminar, Adelaide	23 October 2013
Educator seminar, Naracoorte	24 October 2013
Sherpa Kids Conference, Glenelg	26 October 2013
Wheels in Motion Conference, Perth	27 October 2013
Family Day Care Australia Symposium, Melbourne	2 November 2013
Educator seminar, Perth	19 November 2013
Educator seminar, Kalgoorlie	20 November 2013
ACECQA Forum, Sydney	5 December 2013
ATRA/ACECQA Higher Education program application requirements, Melbourne	25 February 2014
ATRA Special General Meeting, Melbourne	28 February 2014
Queensland Legislative and National Implementation Reform Committee (LNIRC), Brisbane	5 March 2014
Northern Territory Key Stakeholder Advisory Group, Darwin	6 March 2014
Educator seminar, Canberra	11 March 2014
National Children's Services Forum, Canberra	18 March 2014
Association of Graduates in Early Childhood Studies Forum, Melbourne	17 March 2014
Queensland Stakeholders Group, Brisbane	20 March 2014
NSW/ACT IPSP Forum, Sydney	27 March 2014
Professional Support Coordinators for Queensland (PSCQ), Caboolture	29 March 2014
Montessori Early Childhood Education and Care Conference, Tweed Heads	30 March 2014
Gowrie Queensland Conference, Brisbane	5 April 2014

Network of Community Activities Annual General Meeting, Sydney	6 May 2014
Remote TAFE Teachers meeting, Brisbane	7 May 2014
ATRA Assessment Officers National Meeting – ACECQA requirements, Melbourne	7 May 2014
National Outside School Hours Services Association meeting, Sydney	8 May 2014
Guardian Early Learning Group Excellent workshop, Sydney	9 May 2014
Tasmanian educator seminar, Launceston	13 May 2014
ACECQA Tasmanian Stakeholder Breakfast, Hobart	16 May 2014
ACECQA Higher Education program application requirements, Perth	29 May 2014
Early Learning Association Australia National Conference, Melbourne	30 May 2014
National IPSP Conference, Canberra	4 June 2014
QLD Early Childhood Conference, Brisbane	7 June 2014
Children's Educators Forum, Canberra	17 June 2014
Australian Family Early Education and Care Awards workshop Sydney	20 June 2014
Family Day Care Queensland Brisbane	25 June 2014

Appendix G
Qualifications application statistics from 1 July 2013 to 30 June 2014

Individual applications

Table 1 Applications by jurisdiction (2013–14)

	WA	VIC	NSW	QLD	SA	ACT	NT	TAS	Unknown	TOTAL	
ECT	174	166	222	125	27	27	19	3	193	956	53%
Diploma	162	68	137	50	23	4	17	1	100	562	31%
Certificate III	45	36	63	23	7	4	5	0	31	214	12%
Working with children over preschool age	39	25	0	7	3	1	0	0	0	75	4%
TOTAL	**420**	**295**	**422**	**205**	**60**	**36**	**41**	**4**	**324**	**1807**	
	23%	**16%**	**23%**	**11%**	**3%**	**2%**	**2%**	**0%**	**18%**		

Table 2 Applications by country of qualification (2013–14)

	Number	Percentage
United Kingdom	439	24%
Ireland	313	17%
New Zealand	308	17%
Australia	199	11%
India	89	5%
United States	46	3%
South Africa	45	3%
Philippines	37	2%
Canada	34	2%
TOTAL	**1510**	**84%**
Other countries	**297**	**16%**
GRAND TOTAL	**1807**	**100%**

Table 3 Applications by recommendation (2013–14)

	Number	Percentage
Assessed equivalent	1083	60%
Assessed not equivalent	158	9%
Assessment in progress	57	3%
Pending	378	21%
Discontinued	51	3%
Withdrawn	16	1%
Refunded	64	4%
TOTAL	**1807**	**100%**

Table 4 Applications by month

Month	Received	Complete	Closed
July 2013	97	33	
August 2013	124	83	44
September 2013	170	117	49
October 2013	164	152	105
November 2013	192	167	125
December 2013	134	122	100
January 2014	203	134	189
February 2014	173	160	152
March 2014	155	158	142
April 2014	116	126	119
May 2014	148	136	147
June 2014	131	159	176
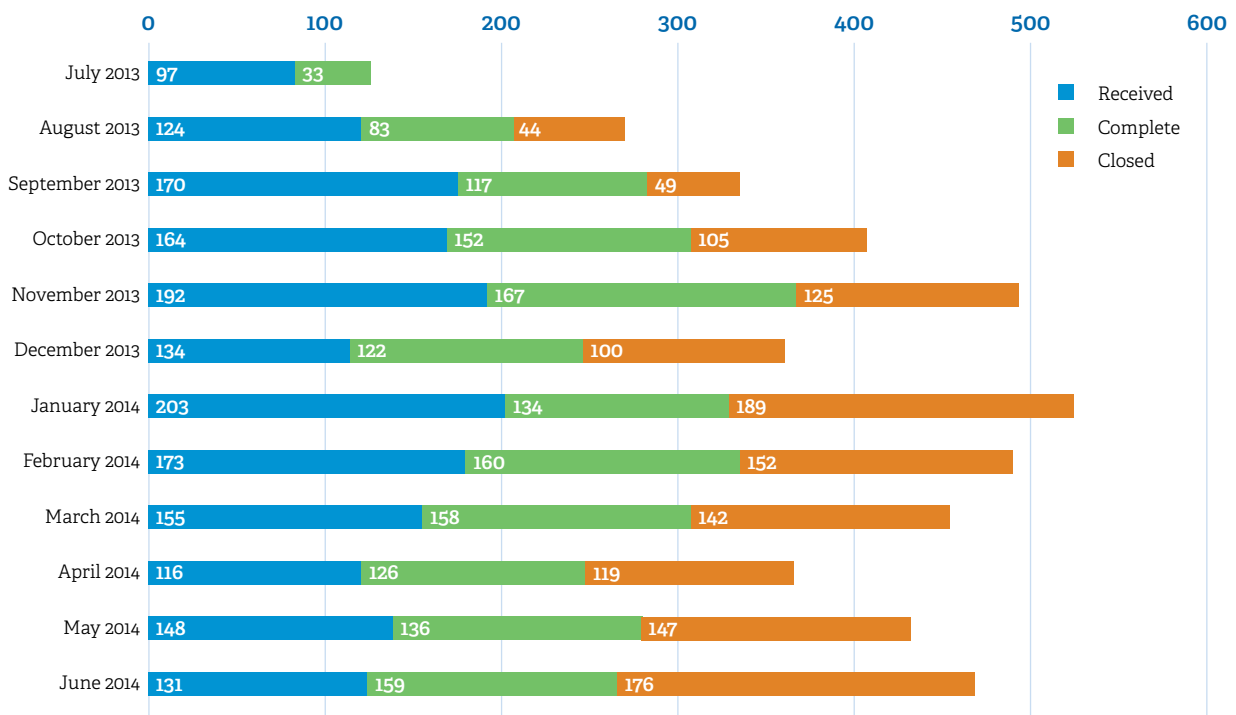
Organisation applications

Table 5 Applications by qualification/ training course (2013–14)

Category	Value
ECT	27
Diploma	1
Asthma	1
Asthma & Anaphylaxis	1
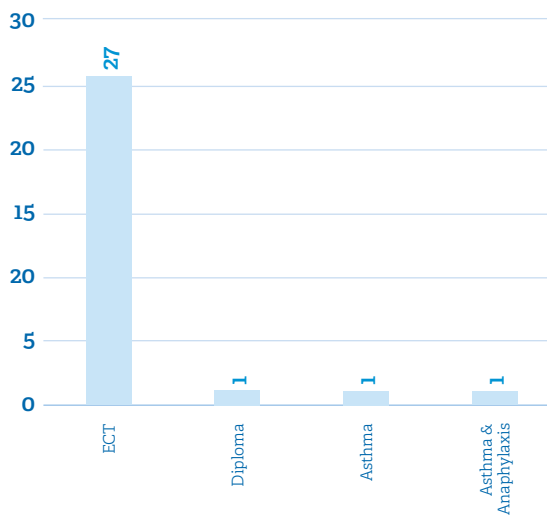
Table 6 Applications by recommendation (2013–14)

Category	Value
Added to approved qualifications list	24
Pending	5
Withdrawn	1
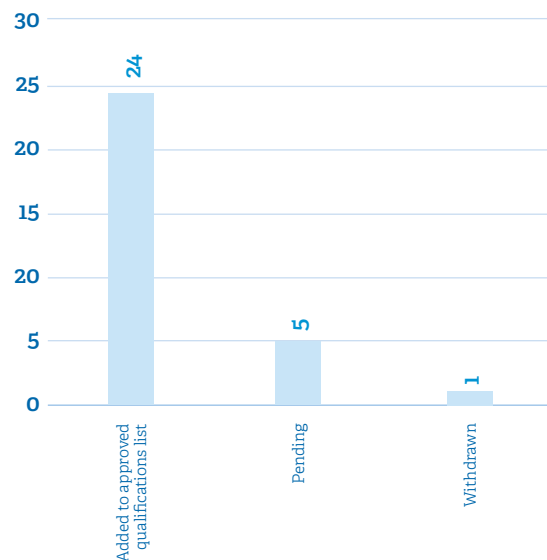
Table 7 Applications by month

Month	Received	Complete	Closed
July 2013	1		
August 2013	2	3	
September 2013	1	1	1
October 2013	2	2	
November 2013	8	3	1
December 2013	4	4	4
January 2014	1	6	3
February 2014	2	2	6
March 2014	2	2	
April 2014	2	2	
May 2014	7	3	3
June 2014	1	1	
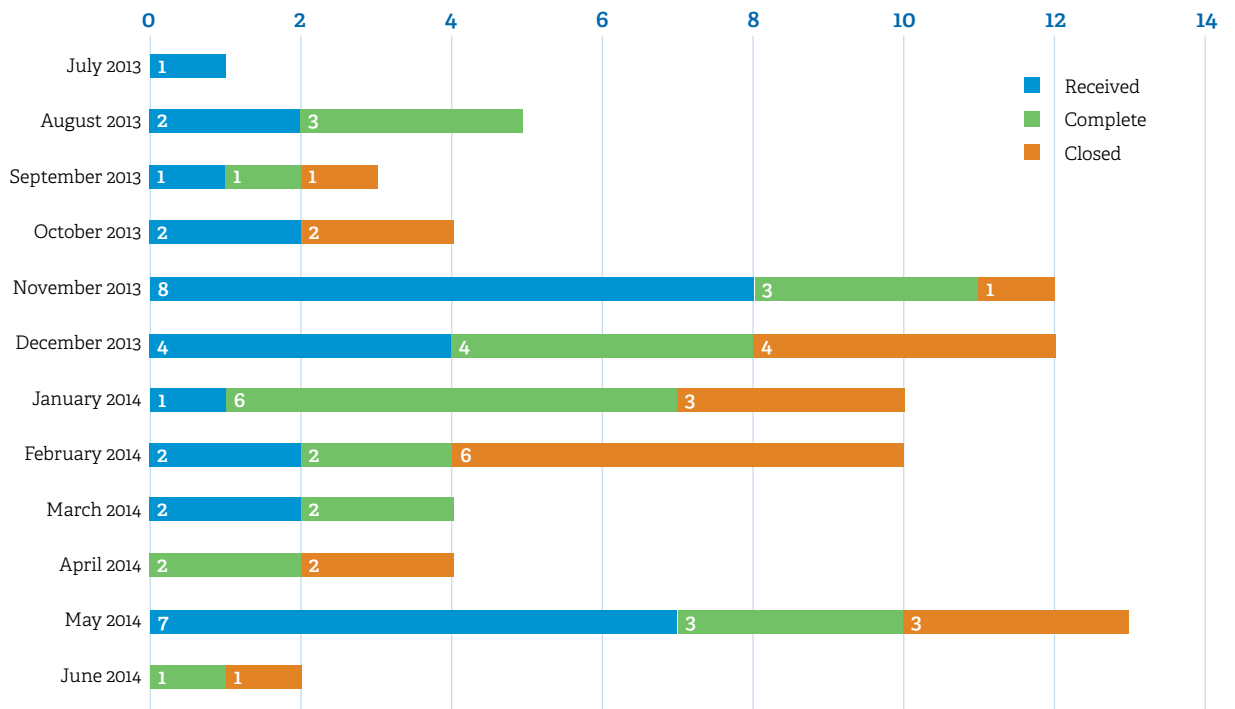
Index of key terms

ABS Australian Bureau of Statistics

ACECQA The Australian Children's Education and Care Quality Authority

AEEYSOC Australian Education, Early Childhood Development and Youth Affairs Senior Officials Committee

AFR Sub Committee Audit, Finance and Risk Sub Committee

AIHW Australian Institute of Health and Welfare

AITSL Australian Institute for Teaching and School Leadership

ARIA+ Accessibility/Remoteness Index of Australia

ASQA Australian Skills Quality Authority

ATRA Australasian Teacher Regulatory Authorities

COAG Council of Australian Governments

2014 COAG Review 2014 COAG review of the National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care

CSHISC Community Services and Health Industry Skills Council

CWG Communications Working Group

DEEWR Australian Government Department of Education, Employment and Workplace Relations

ECDWG Early Childhood Development Working Group

ECPG Early Childhood Policy Group

ECT Early Childhood Teacher

EDRMS Electronic Document and Records Management System

EYLF Early Years Learning Framework

FDC Family Day Care

FOI Freedom of Information

Framework for School Age Care My Time, Our Place: Framework for School Age Care in Australia

FTE Full Time Equivalent

ICT Information and Communication Technology

IPS Information Publication Scheme

IIWG Implementation Issues Working Group

MIP Multilateral Implementation Plan

National Law *Education and Care Services National Law Act 2010*

National Regulations Education and Care Services National Regulations 2011

NCAP National Consistency Action Plan

NIMSG National Quality Agenda IT System Management Steering Group

NPA National Partnership Agreement

NQA National Quality Agenda

NQA IP Implementation Plan for the National Quality Agenda for Early Childhood Education and Care

NQA ITS National Quality Agenda IT System

NQF National Quality Framework

NQS National Quality Standard

OPM Operational Policy Manual

OSHC Outside School Hours Care

PAC Policy Advisory Committee

QaCC Quality and Consistency Committee

QIP Quality Improvement Plan

RAC Research Advisory Committee

Regulatory Authorities The administrative unit or body in each State and Territory responsible for the administration of the National Law and National Regulations.

RoGS Report on Government Services

SEIFA Socio-Economic Index for Areas

Standing Council Standing Council on School Education and Early Childhood

TWG Training Working Group

WHS Work Health and Safety

Index

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