

EDUCATION AND CARE SERVICES IN WARRNAMBOOL: Looking to the future

FINAL DRAFT for RELEASE

September 2015

| | |
|--|-----------|
| 1. Introduction | 3 |
| 2. What are Education and Care services?..... | 3 |
| 3. The Importance of Education and Care Services in Warrnambool | 4 |
| The role of the Education and Care Services sector | 4 |
| Economic value of the Warrnambool Education and Care Services sector | 4 |
| 4. Education and Care Services Policy Context | 6 |
| Federal Government Policy Context | 6 |
| National Partnership Agreement on Universal Access to Early Childhood Education..... | 6 |
| Productivity Commission Inquiry into Childcare 2014..... | 7 |
| 2015 Federal Budget | 8 |
| Family Day Care Community Support Programme | 9 |
| State Government Policy Context | 9 |
| Current Victorian Government policy | 10 |
| Warrnambool City Council Policy Context | 10 |
| Council Plan..... | 11 |
| Warrnambool a Healthy City (Health and Wellbeing Plan 2013-17) | 11 |
| Community Services and Infrastructure Plan 2012 (CSIP) | 11 |
| Beyond the Bell | 12 |
| Warrnambool City Council as an EC service provider | 12 |
| Summary of Current Funding Arrangements and Timelines | 14 |
| 5. Current Local Education and Care Services Environment | 15 |
| Long Day Care | 15 |
| Family Day Care..... | 17 |
| Kindergarten (four year old) | 17 |
| Kindergarten (three year old) | 18 |
| Outside School Hours Care | 18 |
| Occasional Care..... | 18 |
| Private Nannies / Babysitters / Family Members | 18 |
| 6. Current and Future Demand for EC services in Warrnambool | 19 |
| Demographics | 19 |
| Modelling Supply and Demand | 19 |
| Community experience of EC services demand | 21 |
| Community members experience..... | 21 |
| Employer experience | 21 |
| 7. Summary of Considerations for Future Planning | 23 |
| 8. Conclusion | 24 |
| 9. Appendices | 25 |

1. Introduction

The landscape for Education and Care services is undergoing substantial change at local, state, and national levels. This has and will continue to have significant impacts on a variety of childcare and kindergarten services.

Locally, the private sector has recognised growing demand for Education and Care services in Warrnambool, resulting in a recent increase of up to 326 long day care places in Warrnambool in the past year.

In addition, most long day care centres in Warrnambool are incorporating a 4 year old kindergarten program for the first time in 2015, significantly increasing the choice of funded kindergarten options available.

At a State and Federal level, reform has been underway for a number of years, including the introduction of the National Quality Framework, a set of National Quality Standards, implementation of universal access to 15 hours of kindergarten and changes to staffing qualification requirements and arrangements.

Despite this, the Federal and State government have flagged more significant and ongoing policy and funding changes. The Australian Government has recently responded to the Productivity Commission's recommendations from the Inquiry into Childcare and Early Childhood Learning (2014). In the 2015 Federal Budget a new 'childcare package' was announced signalling significant changes in policy and funding arrangements for the sector.

This aim of this report is to provide information for planning and advocacy for all public and private providers of centre based childcare, family day care, kindergarten, outside school hours care and occasional care for the Warrnambool community. The report describes:

- The current policy environment for Education and Care Services
- The current and projected demand for Education and Care Services in Warrnambool
- The importance of Education and Care services to Warrnambool

Council acknowledges the assistance and input of current local Education and Care providers, local employers and parents that assisted in the development of this report.

2. What are Education and Care services?

For the purpose of this report Education and Care (EC) Services describe services that provide education and care for children up to the age of 12, other than when they are at school.

Whilst many of these services have commonly and historically been referred to as 'childcare', contemporary delivery of these services has a significant focus on education. For example, planning for sessions in these services follow detailed educational frameworks and are not unlike the traditional lesson planning within school environments. Indeed, 'childcare' is about much more than 'care'.

The specific EC services addressed in this report are long day care, family day care, kindergarten (three and four year old), occasional care and outside school hours care. Appendix One provides a description of these types of EC services. Appendix Two provides a list of acronyms used in the report.

3. The Importance of Education and Care Services in Warrnambool

The role of the Education and Care Services sector

Longitudinal research demonstrates the important role quality EC has to play in positively impacting the long term health, educational, social and economic outcomes for individuals, particularly those from disadvantaged circumstances.¹

Access to EC services are critical in the support they provide to parents. They enable parents to be engaged in work or study. They also have an important role to play as a respite option, especially for families facing significant challenges. EC services are particularly important for parents without family based in the local area available to provide 'back up' childcare.

The Grattan Institute's Submission to the Productivity Commission Inquiry on Childcare and Early Childhood Learning in March 2014 outlines a strong case for increasing female workforce participation. It argues that if Australia increased its female workforce participation rate by 6% (which would mean Australia's rate would be the same as Canada's present rate), that this would translate to a \$25 billion increase in GDP².

Economic value of the Warrnambool Education and Care Services sector

Warrnambool's draft Economic Development and Investment Strategy 2015-2020 estimates that an additional 4,000+ jobs will need to be created in our City over the next 20 years to sustain the projected rates of population growth.

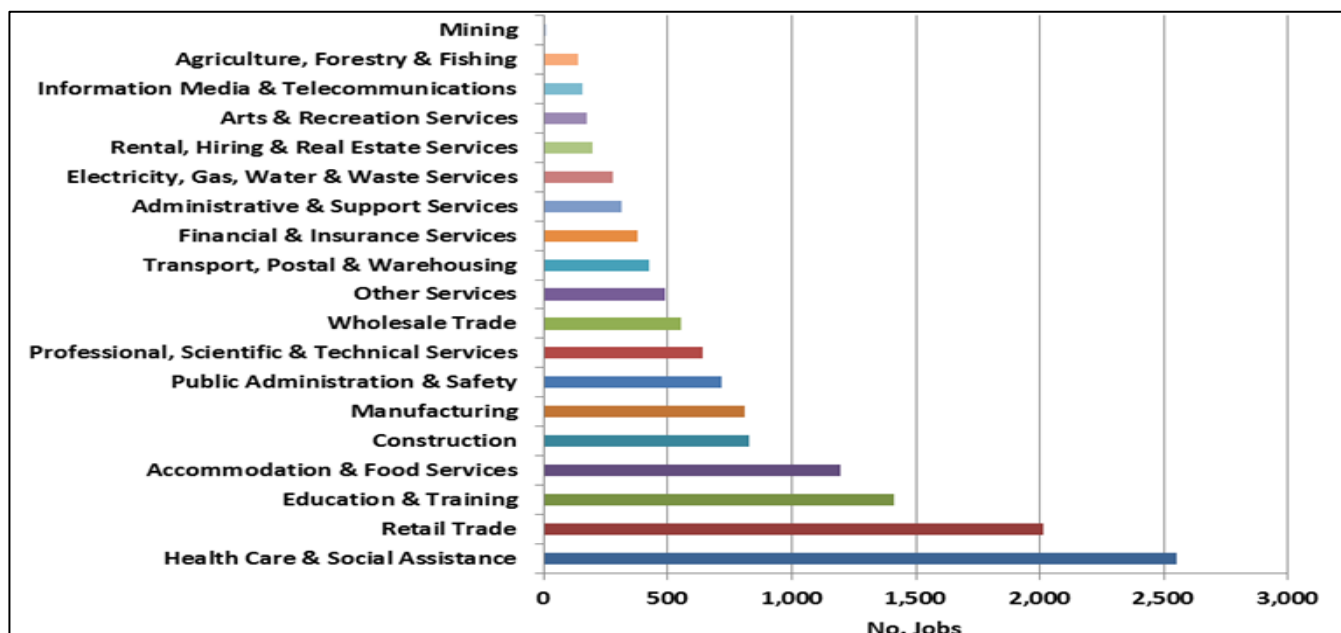
The Productivity Commission's recent report into Childcare estimated that there may be up to 165,000 parents (FTE basis) in Australia who would like to work, or work more hours, but are unable to do so because they are experiencing difficulties with the cost of, or access, to suitable childcare. In most instances, there are mothers who are currently either not in the labour force or are working part time.

From an economic perspective, enhancing access to childcare triggers greater workforce participation rates by parents, boosting economic output and tax revenue, and reducing reliance on welfare support.

The Health and Social Assistance industry is Warrnambool's largest employing sector. Over 2,500 employees whose place of work is located within Warrnambool are employed in the Health and Social Assistance sector.

¹ *Child Care And Early Education In Australia* - The Longitudinal Study of Australian Children, Australian Government 2009 - https://www.dss.gov.au/sites/default/files/documents/05_2012/sprp_40.pdf

² http://grattan.edu.au/wp-content/uploads/2014/05/228_daley_mcgannon_submission_pc_childcare.pdf



Over the period 2006-2011 the largest change in the jobs held by the resident Warrnambool population has been the growth of the health care and social assistance industry, adding almost 400 jobs to our local economy. This scale of growth is commensurate with the regional services role that our City plays for the wider region and also the significant investment undertaken in healthcare and social services over this period.

Economic analysis conducted by Council's economic development unit estimates that EC services generate up to 220 jobs in direct employment in our City. This assumes an Educator: Childcare ratio of 1:10 across 3 year old Kindergarten, 4 year old Kindergarten, Long Day Care, Occasional Childcare, Outside School Hours Care and Family Day Care. Total employment related to the Warrnambool EC sector, including all direct, industrial and consumption effect is estimated to be up to 316 jobs. This represents a Type 2 Employment multiplier of 1.436 (Source: remplan.com.au)

In terms of Gross output, it is estimated that EC services generate up to \$22 million in direct output to our local economy. From this it is estimated that the demand for intermediate goods and services would rise by \$6 million. This represents a Type 1 Output multiplier of 1.264. These industrial effects include multiple rounds of flow-on effects, as servicing sectors increase their own output and demand for local goods and services in response to the direct change to the economy.

The increases in direct and indirect output would typically correspond to the creation of jobs in the economy. Corresponding to this change in employment would be an increase in the total of wages and salaries paid to employees. A proportion of these wages and salaries are typically spent on consumption and a proportion of this expenditure is captured in the local economy. The consumption effects under this scenario are estimated at \$17 million.

Total output of the Warrnambool EC sector, including all direct, industrial and consumption effects is estimated to be up to \$45 million. This represents a Type 2 Output multiplier of 2.065.

Considerations for future planning

1. It is important that the children of Warrnambool have access to high quality education and care services to support their long term health, educational, social and economic outcomes.
2. Adequate, accessible education and care services are an important enabler of Warrnambool's population and economic growth over the coming decades.
3. Warrnambool's existing education and care sector is a significant local industry, generating up to \$45 million for the local economy annually.

4. Education and Care Services Policy Context

All three spheres of government in Australia have involvement to varying degrees in the policy, planning, oversight and delivery of EC.

Federal Government Policy Context

The Australian Government is responsible for national-level childcare policy, research and data collection; provides operational and capital funding to some childcare services; and assists parents with the costs of childcare through Childcare Benefit (CCB) and Childcare Rebate (CCR).

National Partnership Agreement on Universal Access to Early Childhood Education

In recognition of significant international research and evidence about the importance of early childhood in relation to long term health, social and educational outcomes, in November 2008, the Council of Australian Governments (COAG) signed a National Partnership Agreement on Early Childhood Education. This National Partnership Agreement commenced a significant period of reform for the early years' sector.

The National Quality Framework for Early Childhood Education and Care (NQF) came into operation on 1 January 2012, with key requirements relating to qualification, educator-to-child ratios and other staffing arrangements being phased in over time. The Australian Education and Care Quality Authority (ACECQA), which reports to Australian, State and Territory governments, oversees the NQF and guides its implementation in a nationally consistent way.

The aim of the NQF is to raise quality and drive continuous improvement and consistency in education and care services through:

- National legislative framework,
- National Quality Standard,
- National quality rating and assessment process, and;
- Quality rating and assessment through the ACECQA (COAG 2009)

The national legislative framework comprises the:

- Education and Care Services National Law Act 2010, and;
- Education and Care Services National Regulations.

The NQF requires all providers to improve services in the areas that impact on a child's development and safety and to provide families with quality information to help them make informed choices about services. It creates a uniform national approach to the regulation and quality assessment of education and care services and replaces existing separate licensing and quality assurance processes.

In addition, services must demonstrate compliance with state and territory legislation and policy objectives that establish the framework within which regulatory planning consent is obtained at the local level.

In 2013, the Council of Australian Governments (COAG) endorsed the second Early Childhood Education national partnership, the National Partnership Agreement on Universal Access to Early Childhood Education.

The ECE commitment is:

... to maintaining Universal Access to quality early childhood education program(s) for all children in the year before full-time school for 600 hours per year, delivered by a degree qualified early childhood teacher who meets the National Quality Framework requirements with a focus on participation by vulnerable and disadvantaged children.

The agreement expired on 30 June 2015 but funding under this national partnership covered services only until 31 December 2014 and has expired.

In May 2015 the Australian Government announced a further 2 years of funding for universal access to kindergarten (until December 31st 2017). This provides certainty that 15 hours of kindergarten can be provided in 2016 and 2017.

Implementation of the ratio change from 1 educator to 15 children to 1 educator to 11 children for children aged 3-5 in 2016 outlined in the NQF in 2012 is going ahead. Whilst this ratio change is strongly supported by the early years sector in improving outcomes for children, staffing costs will increase by up to a third for each service. Information on how COAG would support the additional staffing costs was not made available in Victoria until June 2015. Further information on this is in the section on State Government.

Productivity Commission Inquiry into Childcare 2014

The Australian Government requested the Productivity Commission (PC) undertake an Inquiry into Childcare and Early Childhood Learning.

On February 20 2015 the Productivity Commission's final report was made public. The full report can be found at <http://www.pc.gov.au/inquiries/completed/childcare>

Some of the key recommendations of the PC were:

- A single child-based means-tested subsidy to replace the several existing childcare support payments.
- Extending the NQF to include all EC services that receive Australian Government subsidies or funding.
- That the number of Early Childhood Teachers required in centre-based services should be based on the number of children 3 years and over (rather than all children in the service)
- Support for early childhood and childcare centres in rural, regional and remote areas through the establishment of a capped Viability Assistance Program to assist EC providers in those areas.
- Remove caps on the number of occasional childcare places.
- Requirements for outside school hours care services to be operated by all government primary schools where demand exists for a viable service.
- Introduction of Commonwealth funding for eligible home based services. This would enable EC funding to be available for nannies and home-based services that meet the NQS.
- Payment of a portion of the Family Tax Benefit Part A to the parent or carer of a preschool aged child should be linked to attendance in a preschool program, where one is available
- Urgently reconsider the design of the assessment and ratings system, giving particular consideration to finding ways to increase the pace of assessments and abolish the Excellent rating

2015 Federal Budget

The PC report influenced the new families' package announced by the Abbott government in the Federal Budget as summarised in the following section. However, many of these initiatives are not scheduled to occur until after the next federal election.

New Child Care Subsidy

- A single new Child Care Subsidy will replace Child Care Benefit (CCB) and Child Care Rebate (CCR).
- It will be based on hourly fee caps of \$11.55 for LDC, \$10.70 for FDC, \$10.10 for out-of-school hours care and \$7 for the in-home nannies pilot. (These represent projected median prices plus 17.5% for LDC and 5.75% for FDC.) From 1 July 2018, the income threshold for the maximum subsidy rate will be indexed to the Consumer Price Index, with other thresholds aligned accordingly, therefore increasing over time.
- For working families with an income below \$65,000, the subsidy will be 85% of a benchmark price or 85% of the fee charged by the service (whichever is lower). Subsidy reduces to 50% for families above \$170,000.
- Working families on incomes between \$65,000 and \$170,000 will be about \$30 a week better off if the fee is at or below benchmark. However, many will face higher fees. The benchmark is set at the median or 'middle' fees (not the average) so 50% of services will, by definition, charge above the benchmark.
- Working families earning < \$170,000 will no longer have a cap on subsidies.
- Working families above \$185,000, subsidy cap increased to \$10,000 per child (from \$7,500).
- Introduction of a 3-tier activity test. Up to 24 hours a fortnight subsidised care will be provided for children from families earning < \$65,000 whose parents do not meet the activity test. This halves the current entitlement (24 hours per week) for low income families. Children in families above this income who do not meet the activity test will be excluded.

Safety Net

Three components:

- \$409 million Inclusion Support Program, from July 1 2016, to provide funding for childcare centres to better meet the needs of children with special needs.
- \$156 million Additional Child Care Subsidy, starting in July 2017, to offer top-up subsidies for childcare to assist children at risk of serious abuse or neglect, irrespective of family income.
- \$304 million Community Child Care Fund, starting in July 2017, targeted to families and communities that are remote from major urban centres, such as remote indigenous communities.

'Nanny' Pilot

- \$246 million over 2 years for the Home Based Carer Subsidy Programme (Nannies Trial).
- The Nannies Trial will commence on 1 January 2016 and run until 31 December 2017. The program will be evaluated during 2017 to inform future Government policy.
- The Pilot is targeted to families working shift work, such as nurses and police officers, and also families in rural and regional areas.
- The pilot is expected to fund 4,000 nannies and 10,000 children.
- Nannies must be 18 years, have a Working with Children Check, and a first aid certificate. Nannies will not be required to hold a Certificate III in Early Childhood Education and Care.
- Nannies will be attached to an approved service – not employed directly by families.
- Benchmark fee has been set at \$7 per hour. For eligible families 50-85% of the benchmark fee will be paid to the service provider.

Sources:

<http://www.theparenthood.org.au/2015/05/childcare-package-analysis-social-policy-research-centre-unsw/>
<http://www.budget.gov.au/2015-16/content/glossy/families/html/index.htm>

Family Day Care Community Support Programme

In addition to the broader federal policy changes, the FDC sector is also facing significant change. Due to reporting by some FDC providers, the Federal Government has announced changes to the Community Support Programme which previously provided recurrent funding to contribute to the costs of funding the co-ordination of FDC.

Services are now required to apply annually (from 1st July 2015) and a very strict set of eligibility criteria relating location of the service and demand for childcare places are now in place. The funding is also linked to the number of hours of care provided by the service, and therefore can fluctuate significantly despite the base costs of the coordination of the service remaining similar.

Considerations for future planning

4. Medium and long term planning for education and care services is challenging given the significant policy changes flagged in the federal government's 2015 budget will not be implemented until after the next federal election
5. Funding for fifteen hours of kindergarten is only currently secure until the end of the 2017 year
6. Family Day Care licensees are now reliant on annual funding cycles and are consequently more exposed to fluctuation in the market than ever before

State Government Policy Context

State and Territory governments have primary responsibility for family support, child welfare and the regulation of Early Childhood Education and Care Services. They approve, monitor and conduct quality assessments of early childhood education and care services, and are also responsible for establishing the policy and planning contexts for childcare provision as part of key social infrastructure for communities.

A regulatory authority in each state and territory has primary responsibility for administering the National Quality Framework for Early Childhood Education and Care (NQF) (Australian Children's Education and Care Quality Authority [ACECQA] 2011), including approving, monitoring and quality assessing services and is the first point of contact for services.

The Victorian legislative framework comprises the:

- Children's Services Act 1996; and
- Children's Services Regulations 2009.

The state agencies with responsibility for childcare planning and regulation in Victoria include the Department of Health and Human Services (DHHS) and the Department of Education and Training (DET). DET coordinates the Government's early childhood policy and programs including the licensing/approval and monitoring of children's services.

The Victorian Government funds four year old kindergarten through the COAG agreement.

As discussed in the section on Federal Government, staff to child ratios are changing in 2016 to improve outcomes for children. This will increase staffing costs for services by around one third. In June 2015, the State Government in Victoria announced that no additional funding will be made available to subsidise the additional staff required to fulfil the new staff to child ratios being implemented in 2016 unless the group size is 23 children or above. This has taken many EC providers by surprise as demonstrated by many EC providers building facilities (and in some cases, supported through state government capital grants) to accommodate no more than 22 children in a room.

Current Victorian Government policy

The Victorian Early Years Learning and Development Framework is a critical framework for the delivery of early childhood services in Victoria, providing professionals with a common language for describing outcomes for children and outlining practice principles to guide collaboration with children and with families.

In January 2012 the Protecting Victoria's Vulnerable Children Inquiry report was provided to the former state government, resulting in the "Victoria's Vulnerable Children: Our Shared Responsibility Strategy 2013-22" being released in May 2013. The Strategy identified a key role for learning and development services to achieve improved outcomes for vulnerable children, young people and families³.

The new State Government in Victoria is currently undertaking consultations about its new policy directions with a view to becoming the "education state". The early years paper for this consultation was out at the time of writing of this report. It flagged the importance of parents, transitions, professional development, improving connection amongst early years services and supporting aboriginal and Torres Strait islander children.

Considerations for future planning

7. There needs to be a continued focus on vulnerable children and their families in EC service delivery
8. There is potential to engage with the State Government about the needs of the Warrnambool EC service sector as part of its considerations in delivering on Victoria as the "Education State".

Warrnambool City Council Policy Context

The role of local governments in EC service can include planning, provision, in addition to statutory planning functions. In these roles, local governments operate under the legislative powers of their respective state government agencies. However, there is great variation in the ways in which local governments deal with childcare planning and provision.

Warrnambool is a growing municipality and access to quality childcare is an important factor in enhancing the region's 'liveability', attracting new employees to the region and increasing/sustaining local workforce productivity and capacity. This paper is therefore a critical contribution by Council to inform the community about the current and future considerations for early childhood education and care in this municipality. It also provides information to assist planning by all early childhood education and care services in Warrnambool, including Council's own services.

The following summary outlines Council's existing policy context as it relates to early childhood education and care.

³ <http://www.education.vic.gov.au/about/department/Pages/vcap.aspx>

Council Plan

Warrnambool City Council Plan 2013-17 (as amended in 2015) documents Warrnambool's vision to be a *thriving, culturally rich and inclusive, leading regional city*.

The plan has four main pillars. These are for Warrnambool to be a:

- Leading Regional City
- Sustainable City
- Liveable City
- City of Growth

The Council Plan clearly supports accessible early years education and care services as this sector contributes to Warrnambool's regional service provider status, its liveability and economic growth. More specifically, achieving the following objectives requires quality EC services to be accessible in the City:

- 1.06 *Foster regional collaboration and co-ordination to improve social, economic and health outcomes for residents across the Great South Coast (i.e.: Warrnambool's role as a regional service centre)*
- 3.01 *Improve community health, wellbeing and safety.*
- 3.04 *Invest in and create opportunities for children and young people to reach their potential ...*
- 3.06 *Deliver high quality community services that strengthen client health and wellbeing.*
- 3.08 *Ensure community, recreation and cultural services and facilities are responsive to community needs and expectations*
- 4.03 *Support and promote economic development in Warrnambool.*

Warrnambool a Healthy City (Health and Wellbeing Plan 2013-17)

The Health and Wellbeing Plan 2013-17 identifies the following goals:

- Promote healthy lifestyles
- Seek equity, access, safety and inclusion for all
- Improve access to economic resources

These goals, and the strategies identified in the action plan specifically reference the Childcare Accessibility project as critical to achieving the plan's health and wellbeing aspirations.

Community Services and Infrastructure Plan 2012 (CSIP)

Council adopted the Warrnambool Community Services and Infrastructure Plan and Policy which includes a hierarchy and location of community services and infrastructure as illustrated in the plan overleaf.

This policy is included in the new draft Municipal Strategic Statement to ensure new land use developments respond to this clear policy direction.

It also introduces Council policy to invest in the co-location or/integration of Council community services within community hub developments

Figure 2. Approximate location of existing and potential future community 'hubs'



Beyond the Bell

Council has identified the regional *Beyond the Bell* project as an important major project. *Beyond the Bell* is a long term collective impact project, taking a whole of community approach to improving year twelve or equivalent attainment within the Great South Coast region.

The *Beyond the Bell* project recognises the need to work with children and young people (pre-birth to age 19) and their families. Therefore aligning future planning for the local Education and Care sector with the *Beyond the Bell* project is vitally important.

Warrnambool City Council as an EC service provider

Council is a significant and long term provider EC within the municipality and servicing a wider catchment in the south west region of Victoria (in particular, the Moyne Shire).

Council has provided long day care to the community for 38 years and family day care for 40 years. Council also provides three and four year old kindergarten, after kindergarten care and occasional care. Council is the sole provider in the community of outside school hours care (after school care and vacation care).

Council is the kindergarten cluster manager within Warrnambool. As cluster manager, Council is funded to manage all kindergartens in a consistent way to ensure robust governance and support, strengthen local partnerships which support kindergarten, provide professional development and career pathways for staff working in the cluster and fosters a culture of continuous improvement across the services involved.

Council's EC services are high quality⁴ and have a focus on supporting vulnerable children and children with additional needs.

As well as EC services, Council is also a significant provider of other early years' services, both within Warrnambool and across South West Victoria.

Other early years services provided by Council include maternal child health (universal and enhanced), parenting assessment and skill development service, parenting education and advice service, integrated family services and preschool field officers.

To provide integrated planning and service delivery for young children in Warrnambool, Council facilitates the South West Child and Family Services Alliance, the Great South Coast Early Years' Network, the Warrnambool Early Years Network and the Warrnambool/Moyne kindergarten to school transition network.

The following table summarises the services provided by Council:

| Type of Service | Capacity | Location |
|---|---|---|
| Long Day Care Centre (LDC) | 3 centres, 173 licensed places - all provide a four year old kindergarten program | Located in Warrnambool, no limit on client's place of residence |
| Family Day Care (FDC) | 15 Educators (12 EFT) | Educators located in Warrnambool and Moyne Shire; no limit on client's place of residence |
| Kindergarten - Four year old | 4 year old program offered at 13 different locations (8 x stand alone kindergarten facilities, 1 co-located with a primary school, 1 at children's services centre, 3 at LDC centres) | Located in Warrnambool; no limit on client's place residence ⁵ |
| Kindergarten - Three year old | 3 year old program offered at one kindergarten | Located in Allansford; no limit on client's place residence ⁶ |
| After Kindergarten Care | Provided at 3 kindergartens in 2015. Planning to offer at 2 kindergartens in 2016 | Located at various kindergartens in Warrnambool; no limit on client's place of residence |
| Outside School Hours Care – After School Care | Licensed for 75 places for primary aged children. Care available from 3.30-6pm Monday to Friday during school terms (except public holidays) | Located in Bromfield Street, Warrnambool; no limit on client's place of residence |
| Outside School Hours Care – Vacation Care | Licensed for 105 places. 8am to 6pm, during school holidays (except public holidays) | Located at ARC Stadium, Warrnambool; no limit on client's place of residence |

Considerations for future planning

9. Council is significant provider and planner for EC services in Warrnambool, being the sole provider of some EC service types
10. Council is well placed to be an advocate for the challenges facing EC service provision in Warrnambool

⁴ All Council's Long Day Care and Kindergarten services recently undertook external assessment against the National Quality Standards, with all meeting the standards, and 85% of services exceeding the standards

⁵ Council's Priority of access policy favours children living in the municipality over children from other municipalities for kindergarten enrolments when demand for places exceeds supply in particular kindergarten groups.

⁶ Council's Priority of access policy favours children living in the municipality over children from other municipalities for kindergarten enrolments when demand for places exceeds supply in particular kindergarten groups.

Summary of Current Funding Arrangements and Timelines

The following table outlines the current funding arrangements for services both to support providers and parents, along with the timeframes for which this funding is currently guaranteed in its current form.

Importantly, this table is intended to provide a snapshot and is not inclusive of some state/federal funding arrangements. For example, information about funding that supports the inclusion of children with additional needs within their services is not included in this table. For full and current details on funding arrangements, services and parents are strongly advised to check directly with current State (www.education.vic.gov.au) and Federal Government (<http://education.gov.au>) and <http://www.humanservices.gov.au/customer/dhs/child-support> websites.

| Service | State/Federal Government Funding arrangements for services ⁷ | State/Federal Government Funding arrangements for parents |
|--|---|--|
| Long Day Care | N/A | CCB until next Federal election CCR until next Federal election |
| Kindergarten (four year old) | Funded 15 hours of kindergarten until 2017 | Fee subsidy (rates announced annually) |
| Kindergarten (three year old) | N/A | CCB for Registered Care Rebate until next Federal election |
| Family Day Care | Community Support Programme Funding (one financial year at a time) | CCB until next Federal election CCR until next Federal election |
| Occasional Care | N/A | CCB for Registered Care Rebate until next Federal election |
| Outside School Hours Care (Vacation Care, Before & After School Care) | N/A | CCB until next Federal election CCR until next Federal election |

7

5. Current Local Education and Care Services Environment

To build a picture of EC services in Warrnambool in the future, an examination of the existing local service system is necessary.

Long Day Care

The total licensed capacity of the current local LDC sector is estimated to be 633 licensed places in Warrnambool and 152 licensed places in Moyne Shire.

Licensed places describe the number of children that a physical space is legally able to have at the facility at any one time. However it should be noted that licensed places do not translate to the number of children for whom LDC is available due to the following:

- Occupancy rates at a particular LDC can impact the operational capacity. For example, it is not financially feasible to fully staff a centre if there are inadequate numbers of children enrolled to generate the revenue to cover the staff costs.
- Staff shortages can impact the number of places able to be offered at a LDC centre. For example, there may be enough demand to use all rooms within a LDC centre, but if there are only enough educators available to meet required ratios in half of those rooms, this limits the operational capacity of the centre.
- Many children do not attend childcare full time. For example, the average number of days a child is in Warrnambool City Council's LDCs is 2.2 days. Therefore the 173 places offered by Council's LDCs could theoretically accommodate more than 350 children each week.

Responding to significant EC service demand in Warrnambool, two new LDC centres (Koala and North Edge) opened in late 2014 and a third LDC centre (Kardinia) opened in May 2015.

The cost per day per child for Warrnambool LDC services vary, as do the inclusions on what these costs cover depending on the individual LDC centre.

All LDC services operating in Warrnambool are detailed in Table One (overleaf).

Table One: Long Day Care Services in Warrnambool (correct at August 2015)

| Centre | Operator | Licenced Places | 4 year old kinder program | Hours of Operation |
|---|----------------------------|-----------------|---------------------------|--------------------|
| Matron Swinton | Council | 35 | Yes | 8am to 6pm |
| Florence Collins (SW TAFE) | | 103 | Yes | 7.30am to 6pm |
| Sherwood Park (Deakin University) | | 35 | Yes | 8am to 6pm |
| Honey Pot East Warrnambool | Private | 40 | Yes | 7am to 6pm |
| Good Start Early Learning Centre Dennington | Private/ Not for Profit | 75 | Yes | 6.30am to 6.30pm |
| Good Start Early Learning Centre – Warrnambool | | 80 | Yes | |
| North Edge Childcare Centre (Opened 2014) | Private | 103 | No | 7.30am to 6.30pm |
| Koala Childcare Centre (Opened 2014) | Private | 103 | Yes | 6.30am to 6.30pm |
| Kardinia Childcare Centre Dennington (Opened 2015) | Private/ Not for Profit | 126 | No | 6.30am to 6.30pm |

Given the proximity of Moyne Shire to Warrnambool, many families that live in Moyne and work in Warrnambool choose to utilise LDC in Warrnambool. Therefore, the LDC availability in Moyne is provided in Table Two.

Table Two: Long Day Care Services in Moyne (correct at August 2015)

| Centre | Operator | Licenced Places | Hours of Operation |
|--------------------------------------|----------|--------------------------|------------------------------|
| Honey Pot Koroit | Private | 27 | 7am to 6pm |
| Port Fairy Community Services Centre | Moyne | 74 (inc. 4 yo kinder) | 8.30am to 5pm |
| Hawkesdale Occasional Care | Moyne | 15 | Mon/Tue/Thu 8.30am to 5pm |
| Macarthur Occasional Care | Moyne | 21 | 8.30am to 5pm |
| Peas In a Pod Mortlake | Private | 15 | 7.30am to 6pm |

Family Day Care

FDC services are not restricted by geographic boundaries. They can be based in one location, yet provide services to other locations. For example, Council currently has 4 Educators based in Moyne⁸ and Corangamite Shire Family Day Care Services also co-ordinates and manage educators operating in Moyne Shire.

Licensees that are listed as providing FDC to postcode 3280 on the mychild.gov.au website in August 2015 are:

- Warrnambool City Council Family Day Care (Warrnambool, Victoria)
- Holistic Approach Family Day Care Scheme (Killarney Vale, NSW)
- Kushland Family Day Care (Dandenong, Victoria)
- Southern Star Family Day Care (Moonee Ponds, Victoria)

Whilst multiple FDC licensees support FDC Educators located in Warrnambool, Council is currently the only FDC licensee based in Warrnambool. Council is also the most substantial FDC service in Warrnambool with around 130 children cared for each month week in the service.

FDC is the only regulated service that provides evening, overnight and weekend care. However, the extent of availability of these services is dependent on individual Educators. In Warrnambool, there are a limited number of Educators that offer services at these times.

Kindergarten (four year old)

The number of children that can be accommodated within a kindergarten service is dependent on the number of kindergarten rooms at that service. For example, two room kindergartens can run more groups each week (generally four) than single room kindergartens which generally run (two). There are also efficiencies, beyond number of enrolments, provided by two room kindergartens.

In the previous five years kindergarten enrolment trends indicated a looming shortage of kindergarten places for the municipality. As a result, State Government supported Council, Kings College and Warrnambool West Primary School (WWPS) to add rooms at existing facilities to ensure adequate places into the future.

The following four year old kindergarten services operate in Warrnambool:

- Kings College Kindergarten (2 rooms)
- Warrnambool City Council
 - Allansford Kindergarten (2 rooms)
 - Beamish Kindergarten (1 room)
 - Central Kindergarten (1 room)
 - City Kindergarten (1 room)
 - Dennington Kindergarten (1 room)
 - East Kindergarten (2 rooms)
 - Lions Hopkins (1 room)
 - Mahogany at WWPS (2 rooms)
 - South Kindergarten (1 room)

In addition, since 2014, LDC providers have been able to offer funded four year old kindergarten. Currently (August 2015) four year old kindergarten places are offered by all Warrnambool LDC

⁸ 15% of families enrolled reside in Moyne, which constitutes 20% of all children enrolled in FDC.

providers except Kardinia and North Edge (See Table One). This has also increased the capacity of the Warrnambool community to ensure adequate kindergarten supply.

Kindergarten (three year old)

Three year old kindergarten is a fully user pays model and is currently provided locally by the following providers:

- Kings College
- Warrnambool City Council (Allansford Kindergarten)
- Warrnambool Three Year Old Kindergarten (Panorama Avenue)

Outside School Hours Care

Warrnambool City Council is the sole provider of Outside School Hours Care (OSHC) in Warrnambool. After school care is provided at a facility on Bromfield Street, and Vacation Care is provided at the Warrnambool Stadium.

There are no providers of before school care and there are no OSHC co-located with schools.

The only regulated form of care available for children before school in Warrnambool is FDC, pending Educator availability.

Occasional Care

Occasional Care (OCC) is provided in Warrnambool by:

- Warrnambool Uniting Church Childcare Centre - 25 Places
- Warrnambool City Council (Aquazone) – 20 Places

Private Nannies / Babysitters / Family Members

Find a nanny/baby sitter websites, local classified advertisements and anecdotal feedback indicate that private EC service arrangements exist in Warrnambool.

Whilst it is difficult to determine the extent of this sector in the local area, a 2015 survey of Council staff about childcare needs indicated that more than 13% of respondents either personally engaged, or friends/family members engaged a nanny to support them with their childcare needs.

The Australian Early Development Index Warrnambool Community Profile 2012⁹ includes information about the type of non-parental care prior to attending school. This indicated that 11.7% of Warrnambool children are cared for by grandparents (compared to 9.8% in Australia and 9.3% in Victoria) and 3.9% are cared for by other relatives (as compared to 3.4% in Australia and 2.9% in Victoria).

Considerations for future planning

11. There are a variety of LDC provider types in the municipality including private, not-for-profit and local government
12. LDC has become a significant provider of kindergarten in the past year
13. Most education and care in Warrnambool is available on weekdays between 6.30am – 6.30pm, with Family Day Care the only regulated service that provides service in the evenings, overnight or on weekends.
14. Whilst Council provides the majority of FDC in Warrnambool in 2015, multiple new FDC licensees have started providing a service in Warrnambool.

⁹ www.aedi.org.au

6. Current and Future Demand for EC services in Warrnambool

Demographics

As part of the Victorian Government's regional growth strategy, Council is preparing for significant industry diversification, economic growth and an associated population increase in the Local Government Area (LGA) from almost 34,000 in 2014 to more than 46,000 by 2036 (id.com, Forecast for Warrnambool 2014).

As indicated below, the number of babies and young children (0-4 years) in the City is expected to increase by almost 1000 children by 2036. This represents a 39% increase in the population of 0-4 year olds living in Warrnambool and needing EC into the future.

Table 3: Population trends and forecast – Warrnambool City and Moyne Shire

| 0 to 4 years | 2014 | 2021 | 2026 | 2036 | Change (no.) | % change 14-36 |
|--------------------------|-------|-------|-------|-------|--------------|----------------|
| Warrnambool ¹ | 2,167 | 2,428 | 2,627 | 3,012 | 996 | 39% |
| Moyne ² | 1,103 | 1,059 | 1,093 | 1,129 | 26 | 2% |

1. id.com/forecast 2. Victoria in Future 2014

Moyne Shire's population of children 0-4 years is expecting only very modest growth. By 2031, the overall population of children 0-4 years in Moyne is expected to increase by a total of 26 children (Victoria in Future 2014). However, this population change varies across Moyne Shire, with towns closer to Warrnambool (e.g. Port Fairy, Koroit and Mailor's Flat) likely to grow significantly, and the rural areas in the north of the municipality expected to decline in population in the coming decades. This will result in increased demand for EC from areas of the Moyne Shire likely to see Warrnambool as an employment and service centre.

As a regional centre, services located in Warrnambool already meet the needs of a proportion of families living outside the municipal boundary. This is especially the case for residents of Moyne Shire, with 15% of Warrnambool's workforce residing in this neighbouring area.

This commuting workforce results in demand for EC from families living in Moyne. In 2012, approximately 8% of the families with children enrolled in kindergartens and 13% of families using Warrnambool City Council's LDC services lived in the Moyne Shire (Community Services and Infrastructure Plan 2012).

Modelling Supply and Demand

The EC service sector has recently experienced a significant shift from significant unmet demand to adequate supply during business hours, mainly due to changes in the local LDC sector.

In June 2014, Council had a waiting list of more than 200 children for its long day care services and 32 children on the Family Day Care wait list. Wait lists for Good Start Early Learning Centres (the largest other provider of childcare within Warrnambool at the time) were similar - however, it is likely there is significant crossover.

Since then, three new private providers of childcare (detailed earlier) have opened in Warrnambool. The net result of these changes in supply of childcare places is that existing LDC services in Warrnambool, including Council's services, have moved from being close to capacity and having significant waiting lists for care, to an adequate supply of childcare places.

By March 2015 there were 50 children on the Council waiting list for long day care services, with only 18 children ready to take a place immediately if one meeting their specific needs was available. Since early 2015 waiting lists at Council LDC centres have been negligible, with most requests for care being able to be accommodated immediately.

Whilst there is now adequate supply in the LDC sector and during business hours, there is limited availability of local EC services outside business hours, on weekends and before and after school.

Table Four illustrates the supply and demand for early years' education and care services now and in 2026. This has been based on benchmarks specified in Council's Community Services and Infrastructure Plan 2012. The scenario modelled estimates the supply of EC places based on 4 year old kindergarten group size of 28 places (three educators and maximum of 28 children) and assumes 72 four year old kindergarten places are provided in LDC centres across Warrnambool.

Table Four: Supply Of and Demand for EC services In Warrnambool 2016 & 2026

| Service | Benchmark for service level ¹⁰ | Available Supply 2016 ¹¹ | 2016 Analysis: Adequate ¹² or Shortage | 2026 Analysis: Adequate or Shortage |
|---------------------------|--|-------------------------------------|---|---|
| Kindergarten (3 year old) | Places available for 25% of Warrnambool's 3 year olds | 255 | Adequate | Adequate |
| Kindergarten (4 year old) | Places available for 105% of Warrnambool's 4 year olds | 698 ¹³ | Adequate | Adequate |
| Long Day Care | (a) 50% of Warrnambool's 0-4 year olds require 2.25 days of care each week | 633 | Adequate | Adequate |
| Occasional Child Care | 107 places per 1000 0-4 year olds | 44 | Adequate | Shortage |
| Outside School Hours Care | 21.4 places per 100 children aged 5-9 years | 60 | Significant Shortage | Significant Shortage |
| Family Day Care | No benchmark | 4 licensees | No benchmark | No benchmark |

As can be seen from this table, if the number of providers remains the same, all EC services have adequate supply for the next decade except for outside school hours care and occasional care.

¹⁰ Benchmarks as developed and adopted for the Community Services and Infrastructure Plan 2012

¹¹ Numbers correct at time of stakeholder engagement – June to August 2015

¹² Adequate supply indicates there is access to places to meet projected demand to accommodate unanticipated growth or policy change.

¹³ Including within Long Day Care Services

Community experience of EC services demand

Community members experience

Anecdotal evidence would suggest that there are limited options for shift workers, workers with early starts and for before and after school care. Private nannies, a very small number of family day carers and informal arrangements with friends/grandparents are the only out of business hours options currently in Warrnambool. The 2011 Census indicates that around 8% of Moyne and Warrnambool residents (15 years +) undertake some unpaid care of children other than their own.

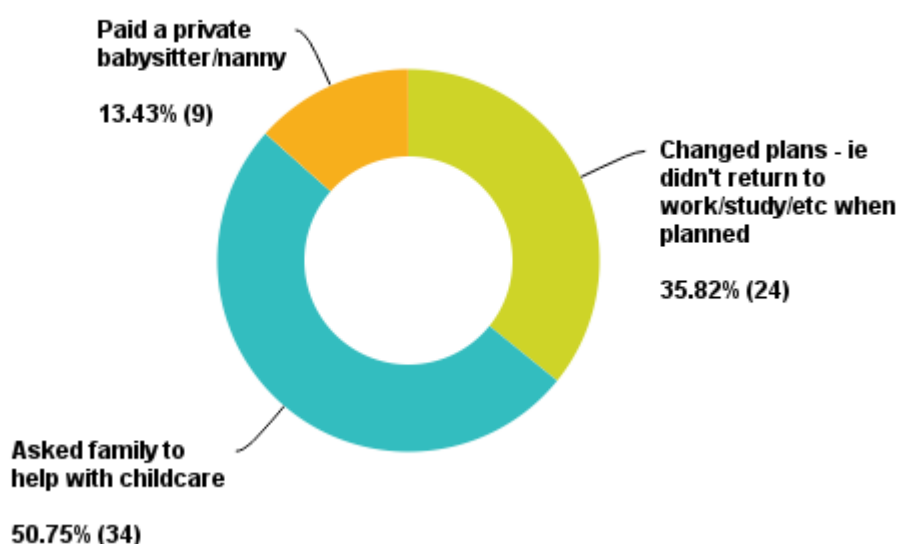
A survey of all Council staff undertaken in July 2015 indicated that:

- A significant number of respondents were aware of themselves/friends/family relying on family support with childcare (50%) or being unable to work or study due to lack of childcare (36%)
- 13% of respondents were unable to access before school care, 13% unable to access after school care and, 5% unable to access weekend care

"I had to take leave and rearrange work hours. Also had to inconvenience friends by asking them to look after my children."

Respondent, Council staff childcare survey 2015

Figure One: 2015 Council staff survey response to question about what occurred when childcare needs weren't able to be met



"I find it hard to get Before School care and kinder/school holiday care for kinder aged children/ very limited casual/occasional care for casual or shift / on call workers"

Respondent, COUNCIL staff childcare survey 2015

Employer experience

Council invited eight local employers¹⁴ (a mix of industries and size of staff) to provide feedback on their experience of the accessibility of local EC services and how it impacted their staff and business. This was not intended to be an extensive investigation, but to provide a snapshot of what is occurring.

¹⁴ Lyndoch Living, South West Health Care, Midfield Meats, Chitticks Bakery, Brauer College, Harris Scarfe, K-Mart, East Warrnambool Primary School

“Access to Child care is nearly impossible for our workers as they start a day shift (before LDC opening hours) and an afternoon shift finishes at (after LDC opening hours)”

Employer respondent, Childcare Survey 2015

There were a variety of responses to the survey; with most indicating they aim to provide flexibility for their staff to support staff's responsibilities caring for their children when possible. Most indicated that when desired EC services were unavailable, that their staff were mostly reliant on family members assisting.

More than a third of respondents indicated that they had difficulties in either existing staff being unable to work particular times due to childcare being unavailable or potential staff unable to be employed due to lack of available childcare.

“The lack of before school care has impacted on the employment of staff – people coming from locations outside Warrnambool expect to have access to before school care and they are very surprised/underwhelmed with this service not being available”

Employer respondent, Childcare Survey 2015

About half of the employers surveyed indicated that they had considered incorporating childcare on their sites to overcome challenges for their staff in accessing childcare suitable to meeting their work requirements, but none of them had implemented this to date due to constraints associated with their sites.

“Shift workers and casual staff seem to have the most difficulty as they have varying times and days of work which makes childcare challenging due to its inflexible structure”

Employer respondent, Childcare Survey 2015

Considerations for future planning

15. A shortage of qualified education and care staff has the potential to negatively impact on maximising the number of places available within the current EC sector.
16. The extent of use of private nannies/babysitters/family members in Warrnambool is unknown, though there is some evidence to suggest that these forms of unregulated education care are common.
17. If the number of education and care service providers remains the same, there is adequate supply of education and care services in Warrnambool for the next decade, except for occasional care and outside school hours care.
18. When parents are unable to access education and care services in Warrnambool, they are reliant on family/friends providing care or alternately, it prevents them being able to work or study
19. Employers requiring staff outside standard weekday business hours are sometimes impacted by the limited availability of education and care services in Warrnambool at these times.
20. Some employers have considered on-site education and care services for their staff yet have been unable to implement this due to site constraints.

7. Summary of Considerations for Future Planning

1. It is important that the children of Warrnambool have access to high quality education and care services to support their long term health, educational, social and economic outcomes.
2. Adequate, accessible education and care services are an important enabler of Warrnambool's population and economic growth over the coming decades.
3. Warrnambool's existing education and care sector is a significant local industry, generating up to \$45 million for the local economy annually.
4. Medium and long term planning for education and care services is challenging given the significant policy changes flagged in the federal government's 2015 budget will not be implemented until after the next federal election.
5. Funding for fifteen hours of kindergarten is only currently secure until the end of the 2017 year
6. Family Day Care licensees are now reliant on annual funding cycles and are consequently more exposed to fluctuation in the market than ever before.
7. There needs to be a continued focus on vulnerable children and their families in EC service delivery.
8. There is potential to engage with the State Government about the needs of the Warrnambool EC service sector as part of its considerations in delivering on Victoria as the "Education State".
9. Council is significant provider and planner for EC services in Warrnambool, being the sole provider of some EC service types.
10. Council is well placed to be an advocate for the challenges facing EC service provision in Warrnambool.
11. There are a variety of LDC provider types in the municipality including private, not-for-profit and local government.
12. LDC has become a significant provider of kindergarten in the past year.
13. Most education and care in Warrnambool is available on weekdays between 6.30am – 6.30pm, with Family Day Care the only regulated service that provides service in the evenings, overnight or on weekends.
14. Whilst Council provides the majority of FDC in Warrnambool in 2015, multiple new FDC licensees have started providing a service in Warrnambool.
15. A shortage of qualified education and care staff has the potential to negatively impact on maximising the number of places available within the current EC sector.
16. The extent of use of private nannies/babysitters/family members in Warrnambool is unknown, though there is some evidence to suggest that these forms of unregulated education care are common.
17. If the number of education and care service providers remains the same, there is adequate supply of education and care services in Warrnambool for the next decade, except for occasional care and outside school hours care.
18. When parents are unable to access education and care services in Warrnambool, they are reliant on family/friends providing care or alternately, it prevents them being able to work or study.
19. Employers requiring staff outside standard weekday business hours are sometimes impacted by the limited availability of education and care services in Warrnambool at these times.
20. Some employers have considered on-site education and care services for their staff yet have been unable to implement this due to site constraints.

8. Conclusion

This report provides an overview of the current and future challenges of Education and Care Services in Warrnambool.

Accessible, regulated and high quality education and care services are essential for the Warrnambool community. These services support long term outcomes for children and enable Warrnambool to grow, both economically and demographically.

Some recent shortages in the local education and care sector have recently been ameliorated. The recent shortage in long day care has been rectified by the market. The recent entrée of long day care into providing four year old kindergarten and extension of a number of existing kindergarten services has meant that kindergarten is also now in adequate supply for the foreseeable future.

However there is a shortfall in availability of some other education and care services, such as occasional care and outside school hours care. There are also shortages in education and care services outside business hours and on weekends.

Looming federal policy changes, annual funding cycles for FDC services and lack of secure kindergarten funding beyond 2017, negatively impact upon the ability for robust medium and long term planning for some services.

Whilst Council is a significant provider of education and care services in Warrnambool, the sector is also serviced by a mix of not-for-profits and the private sector. In other municipalities, schools are also important players in outside school hours care services and some employers are involved in the sector, providing EC services suitable for the needs of their staff.

Therefore, the challenges facing Warrnambool's education and care services are not for Council alone to find a solution, and require a community wide response to ensure accessible education and care services into the future.

The next steps for Council are:

- To consider its existing services and the role they have within the local education and care sector
- To work together with other providers to address areas of education and care service shortage

9. Appendices

Appendix One: Types of Education and Cares services

Long Day Care

Long Day Care (LDC) is an EC service that is provided in a child care centre environment (hence sometimes it is also known as Centre Based Childcare). It is most usually available for children younger than school age during business hours and is suitable for families requiring regular education and care arrangements.

LDC is accredited against the National Quality Standards (NQS) for Early Childhood Education and Care and must comply with the Education and Care Services National (ESCN) regulations. LDC is funded by parent fees, with the Federal Government's Child Care Benefit (CCB) and Child Care Rebate (CCR) available to families to offset those fees. Providers of LDC include not-for profit organisations, private providers and local government.

Family Day Care

Family Day Care (FDC) is a model of childcare for children aged birth to 12 years old. Family Day Care (FDC) can be provided inside and outside business hours, including overnight.

Licensees of FDC services are responsible for supporting and administering a network of qualified FDC Educators (Educators) who, as independent contractors, provide flexible care and developmental activities to care for other people's children. Family Day Care licensees are responsible for the risk and quality environment for the service which is run by qualified FDC Educators either in the Educator's own homes (regular FDC), in a local facility (in-venue FDC) or in the child's home (in-home FDC).

The Federal Government subsidises some of the costs for licensee and like LDC parent fees are subsidised through CCB and CCR. FDC licensees are required to be accredited against the NQS and must comply with the ESCN regulations. FDC licensees include not-for profit organisations, private providers and local government.

Kindergarten

Kindergarten is an EC provided prior to school. In Victoria four year old kindergarten is funded by government (supplemented by nominal parent fees), whilst three year old kindergarten is fully user pays (though some three year old kindergartens may be eligible for a small rebate through CCB 'registered care').

Four year old kindergarten is available for all children in the year before school for up to 15 hours. Four year old kindergarten is assessed against the NQS and must comply with the ECN regulations.

Three year old kindergarten is not assessed against the NQS and comes under the Victorian Children's Services Regulations.

Kindergarten is provided by local government, incorporated kindergarten associations, not-for profits and most recently, within LDC environments.

Warrnambool City Council also provides After Kindergarten Care (AKC) in recognition that kindergarten session times can make returning to work or study difficult for some parents. AKC is fully user pays (though parents able to access a small subsidy through registered care) and whilst it is not assessed against the NQS, it is required to meet the Victorian Children's Services Regulations.

Outside School Hours Care

Outside School Hours Care (OSHC) includes before school care, after school care and vacation care for school aged children. Parents can access CCB and CCR to offset parent fees and OSHC services are assessed against the NQS.

Providers of this type of carer include schools, local governments, not for profit organisations and private providers.

Occasional Care

Occasional Care (OCC) is a flexible centre-based form of child care.

OCC is for sessional and irregular care and does not provide a full time care option.

Families can access a small CCB subsidy for registered care to assist with the cost of the care. OCC is currently not assessed against the NQS but must comply with the Victorian Children's Services Regulations.

Private Nannies / Babysitters /Family Members

There are many private childcare arrangements that exist ranging from casual babysitting arrangements to live-in nannies etc.

Such services are unregulated and parents currently cannot access government subsidies for this type of care.

Appendix Two: List of Acronyms:

| | |
|---------|--|
| ACECQUA | Australian Children's Education and Care Quality Authority |
| CCB | Child Care Benefit |
| CCR | Child Care Rebate |
| COAG | Council of Australian Government |
| CSIP | Warrnambool's Community Services and Infrastructure Plan 2012 |
| DET | Victorian Department of Education and Training |
| DHHS | Victorian Department of Health and Human Services |
| EC | Education and Care Services (long day care, family day care, kindergarten, occasional care, outside school hours care) |
| FDC | Family Day Care |
| GDP | Gross Domestic Product |
| LDC | Long Day Care |
| NQF | National Quality Framework |
| NQS | National Quality Standard |
| OCC | Occasional Care |
| OSHC | Outside School Hours Care (before and after school care, and vacation care) |