

# City of Sydney Submission

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Childcare and Early Learning  
Productivity Commission Draft Report

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## Executive Summary

The City of Sydney (the 'City') welcomes the Productivity Commission's (the 'Commission') Draft Report on its Inquiry into Childcare and Early Childhood Learning.

The City made a comprehensive submission to the Inquiry stating its commitment to accessible, quality childcare options for families as well as outlining a number of recommendations based on specific challenges in the City, such as adequate space for childcare centres.

After completing an analysis of the recommendations included in the Productivity Commission Draft Report and their implications for families, children and services in the Local Government Area (LGA), the City would like to make the following submission. The submission outlines:

- Recommendations which the City supports;
- Further information in relation to a number of areas in which the Commission has sought advice; and
- Alternative recommendations in relation to areas in which the City disagrees with the draft recommendations outlined in the Report.

The City has chosen to comment on those specific recommendations and findings that it believes will impact on the capacity of residents and workers in the City to access quality, affordable education and care and where it considers it has the expertise to comment. Where we have remained silent on other recommendations or findings should not be taken as approval or disapproval, rather just a judgement that these will have less impact on the City's residents or services directly operated by the City. It should be noted however, that other recommendations or findings might impact directly on the ability of not-for-profit and for-profit operators who do deliver childcare in the City of Sydney Local Government Area and we understand that a number of these organisations are also making submissions or giving evidence at the public hearings.

The City makes this submission assessing the impact of the Commission's draft recommendations in three separate but interlinked roles:

- As an education and care provider, the City currently provides one long day care service, two preschools, one occasional care centre, six out of school hours care centres and five vacation care centres.
- As a planning authority with responsibility to consent to the development of new education and care centres within the City and to the variation of existing services.
- As a Council that has long recognised the need for child residents and their families as well as the children of workers who work within the City to have access to high quality and affordable education and care within the City.

The City has recognised that:

- The cost of education and care within the City is high, possibly the highest in the country.
- There is a major shortage of education and care within the City and projections are that this undersupply will exacerbate over coming years. This shortage is highest for children under two years old.

- Children from a range of groups face higher barriers to access education and care within the City. These not only include children under two years old but also children from low-income families, Aboriginal and Torres Strait Islander children, children from some culturally and linguistically diverse families and children with additional needs.

The City has taken and will continue to take a range of steps to mitigate these three factors including:

- Investing \$55 million into new childcare centres in Sydney, provision of low cost rent via our Accommodation Grants Program to enable not-for-profit providers of education and care who supply the majority of care to children facing barriers to access within the City to continue this provision.
- Provision of a Developmental Control Plan and guidelines for childcare providers that has enabled the establishment of an additional 1,310 high quality education and care places be developed in the City between 2005 and 2013.

The City looked forward to recommendations from the Commission that would:

- Help to make early education and care more affordable for residents and workers within the City.
- Help to make education and care more accessible for children.
- Ensure that in so doing, the quality of education and care provided to children in the City was not compromised.

The City is supportive of a number of the recommendations made by the Commission including:

- The establishment of the Early Care Learning Subsidy and Special Care Learning Subsidy.
- Extending the scope of the National Quality Framework to include all centre and home-based services that receive Australian Government assistance.
- Continuing the Universal Access Payment scheme for children using preschools.
- Preparing guidelines for developers providing information on the development assessment process.

The City is, however, concerned about the impact of a number of recommendations made by the Commission that if we implemented could have adverse outcomes for the childcare sector, families and children. In relation to some of these issues, the City has provided further information in this submission that could assist the Commission in their deliberations on those matters and in other instances the City has proposed alternative recommendations.

Of particular concern to the City is:

- That the deemed cost of education and care made in the context of the proposed Early Care and Learning Subsidy will not cover the cost of education and care in the City.
- That a range of recommendations will impact on the capacity of existing providers in the City to continue to provide high quality education and care, in particular to not-for-profit providers.
- That the quality of education and care provided to the City's children will be jeopardised by some of the Commission's recommendations, particularly those regarding the qualification and ratio requirements for educators through the proposed removal of preschools from the National Quality Framework.

- That the City will be unable to place conditions on childcare centre developments to ensure the most appropriate and quality childcare is provided to meet the needs of its residents and workers.

### City of Sydney Recommendations

The following is a summary of the recommendations made by the City:

#### *Families using mainstream services – improving accessibility, flexibility and affordability:*

The City:

- Agrees with the establishment of an Early Care and Learning Subsidy as this will simplify the process for families to apply for subsidised fees (Recommendation 12.2).
- Agrees that the Early Care and Learning Subsidy should be means tested, provided to services that satisfy the requirements of the NQF and paid directly to the services. The City recommends that the proposed deemed cost takes into account the cost of provision of the service, such as salaries and property costs, and takes into account local factors such as high land costs in the inner city. The City recommends that the deemed cost is reviewed annually in line with the actual costs of provision (Draft Recommendation 12.4).
- Recommends that access to care is not restricted to families who meet the work/study/training test, as this will inhibit access to care for those vulnerable children whose parents do not work, study or undertake any training. Restricted access is likely to worsen social disadvantage, and risks lowering future workforce participation. The City recommends that the current status quo, i.e. all children having access to a minimum of 24 hours of education and care per week, be retained (Draft Recommendation 12.4).

#### *Additional needs children and services – improving the accessibility, flexibility and affordability:*

The City:

- Supports the establishment of a Special Early Care and Learning Subsidy to fund the deemed cost of meeting additional needs for children assessed at risk and children with a diagnosed disability and recommends that this be extended to children undergoing diagnosis (Draft Recommendation 12.6).
- Recommends the retention of the existing Inclusion Support Agencies to provide specialist assistance and advice to services.
- Supports the recommendation for the Commonwealth Government to continue to provide support for children who are assessed as 'at risk' to access services by providing a 100% subsidy for the deemed cost of care for 'at risk' children for up to 100 hours per fortnight (Draft Recommendation 12.7).
- Recommends the removal of the limit of 26 weeks of eligibility for children at risk and recommends that this assistance is provided on an ongoing basis to ensure continuity of care for those children (Draft Recommendation 12.7).
- Recommends the removal of the requirement that children must be part of the formal child protection system prior to being eligible for the Special Early Care and Learning Subsidy and also recommends that families, who experience a temporary drop in income and can prove financial hardship, are also eligible for this subsidy.

### *Preschool – supporting universal access*

The City:

- Supports the recommendation that states the Australian Government should continue to provide 'per child' payments to the States and Territories for universal access to a preschool program of 15 hours per week for 40 weeks per year (Draft Recommendation 12.9).
- Does not support the Commission's recommendation for the Australian Government to negotiate with States and Territories to incorporate their funding for preschools into the funding for schools. Unless specifically quarantined for preschool education, there is the risk that any funding would be absorbed into general school-aged education budgets (Draft Recommendation 12.9).

### *Out of School Hours Care – improving the accessibility, flexibility and affordability:*

The City:

- Agrees that Governments should develop and incorporate into the NQF, a nationally consistent set of staff ratios and qualifications, for those caring for school-aged children in outside school hours and vacation care services. This will raise the standards of care and education provided to children using those services (Draft Recommendation 7.4).
- Supports the inclusion of preschool school-aged children in out of school hours care on the proviso that the preschool ratios and qualifications of staff are maintained whilst using the OSHC service (Draft recommendation 8.1).
- Supports the recommendation that schools should take responsibility for ensuring that OSHC needs are met for children using their schools (Draft Recommendation 8.2).

### *Removal of ECEC assistance to some providers:*

The City:

- Does not support draft recommendation 9.1 that removes access to the registered childcare category of CCB.
- Recommends that the payroll tax exemptions currently available to not-for-profit operators and fringe benefit tax concessions available to employer sponsored childcare centres, should remain, as these will assist in keeping costs down. The removal of these concessions could drive childcare fees up (Draft Recommendation 10.1, 12.1, 12.11).

### *Quality assurance processes and regulation of ECEC:*

The City:

- Agrees that current out-of-scope services such as Occasional Care and In-Home Care should be included in the National Quality Framework as this will ensure children using those services have access to high quality education and care.
- Recommends that the Commission does not remove any quality elements or quality standards from the National Quality Framework or tailor the system to suit different service types. The current system works well and is easily applied across all service types (Draft Recommendation 7.1).
- Recommends that qualifications required for educators working with 0-2 year-olds, is not dropped to a Certificate III in Children's Services and that the status quo remains. Qualifications are clear indicators of high quality education and care (Draft Recommendation 7.2).

- Recommends that if the Commonwealth Government adopts national requirements for educator to child ratios and staff qualification, that it only does so if ratios currently enforced in NSW are adopted nationally. NSW requirements are higher than in other States which assists in the implementation of quality programs and service delivery (Draft Recommendation 7.3).
- Recommends that the parts of Recommendation 7.5, that refer to services being able to average staffing and ratio levels and that NSW should allow unqualified staff to work for three months without a qualification, should not proceed and the status quo be retained.
- Believes that dedicated preschools should remain within the scope of the National Quality Framework as it ensures that children enrolled in these services are receiving quality education and care. The City recommends that the Commission deletes Draft Recommendation 7.9.

*Planning for Education and Care Services:*

The City:

- Recommends that Local Government still be able to impose conditions on developers and operators where legislation and regulation is silent, therefore the parts of Draft Recommendation 7.12 that seek to stop Local Governments from imposing regulations regarding the operation of the ECEC market, not be implemented.
- Agrees that clear guidelines should be provided to developers for the assessment of development proposals in relation to ECEC services (Draft Recommendation 7.12).
- Recommends that relevant State and Territory Departments of Education provide consistent guidelines to developers and Councils in relation to design standards, particularly of outdoor spaces, to ensure that developers can meet both service approval and development approval standards and controls. This would help developers avoid having to make further changes to environments following planning approval in order for service approval to be granted.
- Supports the removal of a cap on centre size however, recommends that Councils continue to have policy requirements to encourage appropriate room sizes to ensure quality outcomes for local children and families (Draft Recommendation 7.12).

# 1. Families using mainstream services – improving the accessibility, flexibility and affordability

## 1.1 In relation to this issue, the Productivity Commission Draft Report recommends the following:

### DRAFT RECOMMENDATION 12.2

*The Australian Government should combine the current Child Care Rebate, Child Care Benefit and the Jobs Education and Training Child Care Fee Assistance funding streams to support a single child-based subsidy, to be known as the Early Care and Learning Subsidy (ECLS). ECLS would be available for children attending all mainstream approved ECEC services, whether they are centre-based or home-based.*

### DRAFT RECOMMENDATION 12.4

*The Australian Government should fund the Early Care and Learning Subsidy to assist families with the cost of approved centre-based care and home-based care. The program should:*

- *assist with the cost of ECEC services that satisfy requirements of the National Quality Framework*
- *provide a means tested subsidy rate between 90 per cent and 30 per cent of the deemed cost of care for hours of care for which the provider charges*
- *determine annually the hourly deemed cost of care (initially using a cost model, moving to a benchmark price within three years) that allows for differences in the cost of supply by age of child and type of care*
- *support up to 100 hours of care per fortnight for children of families that meet an activity test of 24 hours of work, study or training per fortnight, or are explicitly exempt from the criteria*
- *pay the assessed subsidy directly to the service provider of the parents' choice on receipt of the record of care provided.*

### DRAFT RECOMMENDATION 12.3

- *The Australian Government should exempt non-parent primary carers of children and jobless families where the parents are receiving a Disability Support Pension or a Carer Payment from the activity test. These families should still be subject to the means test applied to other families.*

## 1.1.2 In relation to this issue, the Productivity Commission seeks further information in relation to:

### INFORMATION REQUEST 12.4

*The Commission seeks information on the best approach to setting and updating the deemed cost of ECEC services. In addition, information on the cost premiums of providing services in different locations, to different ages and in meeting different types of additional needs is sought.*

### INFORMATION REQUEST 12.3

*The Commission seeks information on who is using ECEC services on a regular basis but working below the current activity test of 15 hours per week, or not actively looking for work or undertaking work, study or training. Views are sought on the activity test that should be applied, how it could be implemented simply and whether some means tested access to subsidised care that is not subject to an activity test should be retained. If some subsidised care without an activity test is desirable, for how many hours a week should it be available, what should the eligibility criteria be, and what are the benefits to the community?*

#### 1.1.3 Early Care and Learning Subsidy

The City of Sydney (the City) agrees with recommendation 12.2. The current CCB/CCR and JETCCFA payments are unnecessarily confusing and complex and, given that CCR is not means tested, it is inherently inequitable.

The City agrees that the ECLS should be made available to only those services that meet the National Quality Framework and should be paid to the service provider.

However, the City has concerns with the subsidy being based on a deemed cost of care, with the deemed cost being determined annually and with the imposition of a work/study/training test. We address these concerns below.

#### 1.1.4 Deemed Cost of Care

As the Commission has acknowledged, fees for childcare within the City are amongst the highest, if not the highest, in Australia. When last surveyed in 2013, the average fee for a for-profit long day care centre in the city was \$118.15 per day for under two year-olds and \$108.37 for over two year-olds. In not-for-profit long day care the average fees were \$103.23 and \$94.89 respectively. Fees have risen since this time with providers such as Active Kids at World Square currently charging \$140 per day for under two year-olds and \$133 for over two's. Only About Children in Market Street currently charges \$160 for under two year-olds and \$135 for pre-schoolers.<sup>1</sup> This is considerably higher than in LGAs in the western suburbs, such as Blacktown, where average fees charged for long day care are \$89 per day for under three year-olds and \$79 per day for over three year-olds.

The cost of childcare is higher in the inner city, as the cost of rent and land values are expensive and possibly amongst the highest in Australia. Operators charge high fees to cover the cost of rent or mortgages on top of the standard operational costs associated with operating a childcare centre.

If the fact that childcare costs more to provide and has a higher market cost in the city is not taken into account when setting a 'deemed' cost of care, Sydney residents and workers will have a higher 'gap' fee (difference between the deemed cost and the actual cost) than families in any other parts of Australia.

The City believes that the annual review of the deemed cost should take into account the actual costs of provision of the service.

The City has no issues with the deemed cost being based on the age of a child and type of care and also agrees with the means testing of the rate. We have not explored the impact of the tapered rate that the Commission is suggesting or the impact of this on our residents.

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<sup>1</sup> Cred Community Planning and Community Child Care Co-operative (NSW), City of Sydney Child Care Needs Analysis 2013

### 1.1.5 Work Study Test

The City disagrees with the suggestion that the ECLS should only be available to those families that meet a work/study/training activity test. We view access to early education and care as a right that belongs to our youngest residents, i.e. children themselves. The City is concerned that funded access will not be available for those children whose parents do not meet the work/study/training test or are not yet deemed as 'at risk', however live in families with multiple complex issues. These children would benefit from early education and care, however as access to funded care will not be available to this group of children, families will not have the financial capacity to pay for the full cost of care.

The City believes that all families should be able to access a minimum of 24 hours per week of education and care and therefore believes that the status quo should remain. The City believes there are numerous benefits to the community of children accessing early education and believes many of these were addressed in initial submissions to the Commission's Inquiry. These can be summarised from the *Australian Institute of Family Studies Research Report No 24<sup>2</sup>* and include:

- That early experiences set neurological and biological pathways that positively impact on health, learning and behaviour throughout life;
- Improvement in school readiness, expressive and receptive language and positive behaviour;
- Reduction in educational disadvantage between children from poorer and richer families;
- Benefits to children with possible issues that may need to be identified to enable early intervention;
- Allowing families to meet and connect with other families and the subsequent social cohesion this fosters;
- Economic returns on investment in early education and care;
- Enabling parental participation in the workforce. Increased income from participation in the workforce further benefits those families.

### 1.2 City of Sydney's Recommendations:

The City:

- Agrees with the establishment of an Early Care and Learning Subsidy and therefore supports Draft Recommendation 12.2.
- Agrees that the Early Care and Learning Subsidy should be means tested, provided to services that satisfy the requirements of the NQF and paid directly to the services. The City recommends that the proposed deemed cost takes into account the cost of provision of the service, such as salaries and property costs, and takes into account local factors such as high land costs in the inner city. The City recommends that the deemed cost is reviewed annually in line with the actual costs of provision (Draft Recommendation 12.4).
- Recommends that access to care is not restricted to families who meet the work/study/training test, as this will inhibit access to care for those vulnerable children whose parents do not work, study or undertake any training. Restricted access is likely to worsen social disadvantage, and risks lowering future workforce participation. The City recommends that the current status quo, i.e. all children having access to a minimum of 24 hours of education and care per week, be retained (Draft Recommendation 12.4).

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<sup>2</sup> Jennifer Baxter and Kelly Hand *Access to early childhood education in Australia* Research Report Number 24, April 2013

## 2. Additional needs children and services – improving the accessibility, flexibility and affordability

### 2.1 In relation to this issue, the Productivity Commission Draft Report recommends the following:

#### DRAFT RECOMMENDATION 12.6

*The Australian Government should establish three capped programs to support access of children with additional needs to ECEC services.*

- *The Special Early Care and Learning Subsidy would fund the deemed cost of meeting additional needs for those children who are assessed as eligible for the subsidy. This includes funding a means tested proportion of the deemed cost of mainstream services and the ‘top-up’ deemed cost of delivering services to specific groups of children based on their needs, notably children assessed as at risk and children with a diagnosed disability.*
- *The Inclusion Support Program would provide once-off grants to ECEC providers to build the capacity to provide services to additional needs children. This can include modifications to facilities and equipment and training for staff to meet the needs of children with a disability, Indigenous children and other children from culturally and linguistically diverse backgrounds.*

#### DRAFT RECOMMENDATION 12.7

*The Australian Government should continue to provide support for children who are assessed as ‘at risk’ to access ECEC services, providing:*

- *a 100 per cent subsidy for the deemed cost of ECEC services, which includes any additional ‘special’ services at their deemed cost, funded from the Special Early Care and Learning Subsidy program*
- *up to 100 hours a fortnight, regardless of whether the families meet an activity test*
- *support for initially 13 weeks then, after assessment by the relevant State or Territory Department and approval by the Department of Human Services, for up to 26 weeks.*

*ECEC providers must contact the State or Territory Department with responsibility for child protection within one week of providing a service to any child on whose behalf they apply for the ‘at risk’ Special Early Care and Learning Subsidy. Continuation of access to the subsidy is to be based on assessment by this Department, assignment of a case worker and approval by the Department of Human Services. The Australian Government should review the adequacy of the program budget to meet reasonable need annually.*

#### DRAFT RECOMMENDATION 12.8

*The Australian Government should continue to provide support for children who have a diagnosed disability to access ECEC services, through:*

- *access to the mainstream ECEC funding on the same basis as children without a disability and up to a 100 per cent subsidy for the deemed cost of additional ECEC services, funded from the Special Early Care and Learning Subsidy*
- *block funded support to ECEC providers to build the capacity to cater for the needs of these children, funded through the Inclusion Support Program.*

### 2.1.1 In relation to this issue, the Productivity Commission seeks further information in relation to:

#### *INFORMATION REQUEST 8.1*

*The Commission seeks further information on the nature of the barriers faced by families with children with additional needs in accessing appropriate ECEC services and the prevalence of children with additional needs who have difficulty accessing and participating fully in ECEC. Information on the additional costs of including children with additional needs is also sought.*

#### *INFORMATION REQUEST 12.9*

*The Commission seeks information on whether there are other groups of children that are developmentally vulnerable, how they can be identified, and what the best way is to meet their additional needs.*

#### *INFORMATION REQUEST 12.6*

*What is the case for the Australian Government funding start-up capital or on-going operational support for mainstream ECEC services in rural, regional and remote communities?*

#### *INFORMATION REQUEST 12.7*

*The Commission seeks views on the best way to allocate a fixed funding pool to support the ECEC access of children with additional needs and deliver the greatest community benefit. This includes views on the best option for allocating the Special Early Care and Learning Subsidy payments for children with disabilities to ensure that the program enables as many children with disabilities as possible to access mainstream ECEC services.*

### 2.1.2 Children with additional needs

Our most recent childcare needs analysis<sup>3</sup> found that the City requires “targeted education and care places for residents from disadvantaged backgrounds including Aboriginal and/or Torres Strait Islander, low-income families and those living in social housing, children from Culturally and Linguistically Diverse Backgrounds (CALD) and children with additional needs. Addressing the demand for these groups is highly important as there will be increasing competition for limited ECEC places”.

We support the part of Recommendation 12.6 that recommends the establishment of a Special Early Care and Learning Subsidy to fund the deemed cost of meeting additional needs children assessed as ‘at risk’ and children with a diagnosed disability. We would also ask that there be some allowance made for those children undergoing diagnosis. There are many instances where children, who have yet to be diagnosed, have been enrolled at services and educators have worked closely with families to assist them with this process. This is most evident with children from vulnerable families, Aboriginal and Torres Strait Islander children and children from culturally and linguistically diverse backgrounds. Having access to the subsidy, whilst children are undergoing diagnosis, will assist educators in meeting the additional needs of these children. One of the largest problems we have, as a provider, with the current Inclusion Support Subsidy, is that it is a contribution towards the additional cost of care, rather than covering the total additional costs of care. The Commission’s suggestion that the deemed rate should cover the full costs of care is therefore supported.

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<sup>3</sup> Cred Community Planning and Community Child Care Co-operative (NSW), City of Sydney Child Care Needs Analysis 2013

Although the City sees some benefits in an Inclusion Support Program providing once-off grants to providers, this should not be seen as a substitution for the current Inclusion Support Program. Services require access to specialist advice and support when enrolling a child with additional needs as well as ongoing support while the child is enrolled at the centre to ensure that the child's developmental and behavioural needs are met whilst at the centre.

### 2.1.3 Children at risk of harm

The City agrees with Draft Recommendation 12.7 that the Australian Government should continue to provide support for children who are assessed as 'at risk' to access education and care including the 100% subsidy of deemed cost.

However, the City is concerned that this will be at the removal of the Special CCB system currently in place for the following reasons:

- There are many children who are below the New South Wales Department of Families and Community Services reporting level (risk of 'significant' harm) under the New South Wales Keep Them Safe legislation who nevertheless could benefit substantially by accessing early education. These children have been able to be granted Special CCB under the current system, which allows educational experts at service level to determine whether a child would benefit from access to funded early education, without the need to formally report these children as 'at risk'.
- There appears to be no consideration for those children whose families experience a temporary drop in income, to be able to access a higher rate of subsidy during this period. Without access to this, there is the risk children will be withdrawn from care during periods when the stability of care would benefit the child and the family.

### 2.1.4 Children with additional needs and children who are developmentally vulnerable

The City's latest childcare needs analysis showed that within the City, community-based not-for-profit services and our own services, provided higher access for children who have difficulty in accessing education and care. The groups identified in this study include:

- *Children with additional needs:* Although services can access some level of funding under schemes such as the Inclusion Support Subsidy program, this funding does not match the full cost of hiring additional staff to work in services with additional needs. Because of this, the majority of children with additional needs are served by not-for-profit services. Council has determined that by direct provision of services and by assisting not-for-profit provision through mechanisms such as our Accommodation Grants Program, the City can assist resident children with additional needs get access to high quality ECEC services.
- *From socio-economically disadvantaged groups, including Aboriginal and/or Torres Strait Islander children:* Because of the high cost of ECEC services in the city, many children from lower socio-economic families, including children from Aboriginal and/or Torres Strait Islander families, miss out on access to ECEC despite CCB and priority of access requirements which are supposed to give them priority.
- *Children at risk of significant harm of child abuse:* The NSW State Department of Families and Communities has programs in place to ensure that children who are at risk of significant harm through child abuse benefit from placement in high quality ECEC services.
- *Under two years old:* Because of the higher cost of service provision to this age group, there is a greater shortage of places. The City attempts to remedy access for this group by requiring through our DCP that new childcare centres contain at least 33% of places for this group.

### 2.1.5 Start-up capital

The City has seen the growth of new places and new services within the LGA, despite the high cost of land and/or high lease costs within our boundaries. However, as stated earlier, we still face a large supply gap. The City is investing \$55 million into new childcare centres in Sydney to be delivered over the next few years.

The City has also successfully encouraged the delivery of childcare centres in new developments. Between the beginning of 2012 and the end of March this year, the City approved development applications that included 732 childcare places (with works yet to commence) and 235 places that are now under construction.

The City's draft 2014/15 budget also includes the creation of a Project Manager-Childcare Implementation, to project manage and coordinate an implementation plan on how best to work with childcare providers and other levels of Government and interested parties to help address the existing market gap of 3,000 childcare places. The City already provides 24 per cent of all childcare places in the inner city area and is meeting with childcare operators to explore other ideas and opportunities to increase the supply of places.

Despite this investment and work with childcare providers, there will still be large numbers of children excluded from education and care in the City. For this reason the City believes that there is a case for the Australian Government funding start-up capital (as per information request 12.6) not just in rural and remote areas, but everywhere that demand significantly exceeds supply. The City of Sydney is one of the fastest growing local government areas in Australia. Between 2007 and 2012, the City's population increased by nearly 11%, or 18,505 people. In contrast, Greater Sydney grew by 8% while NSW grew by 6.8% over the same period. Childcare providers have told us that access to affordable start-up capital is the single biggest barrier they face in developing new childcare centres to meet demand in the inner city. Assisting the development of new centres by funding initial start-up costs would be another mechanism the Commonwealth could assist the unmet demand to be met.

### 2.2 City of Sydney's Recommendations:

The City:

- Supports the establishment of a Special Early Care and Learning Subsidy to fund the deemed cost of meeting additional needs children assessed as 'at risk' and children with a diagnosed disability and recommends that this be extended to children undergoing diagnosis.
- Recommends the retention of the existing Inclusion Support Agencies to provide specialist assistance and advice to services including children with additional needs.
- Recommends that the Commission removes the requirement that children must be part of the formal child protection system prior to being eligible for the Special Early Care and Learning Subsidy. The City believes that, should this requirement not be removed, vulnerable children currently accessing care at a subsidised cost will no longer be able to access care without being reported to the Department of Human Services as a child 'at risk'.
- Recommends that a provision is made to allow eligibility to families that experience a temporary drop in income to this subsidy.
- Recommends a fund is established by the Commonwealth Government to cover initial capital and start-up costs for operators in areas of high unmet demand.

## 3. Preschool – supporting universal access

### 3.1 In relation to this issue, the Productivity Commission Draft Report recommends the following:

#### *DRAFT RECOMMENDATION 12.9*

*The Australian Government should continue to provide per child payments to the states and territories for universal access to a preschool program of 15 hours per week for 40 weeks per year. This support should be based on the number of children enrolled in State and Territory Government funded preschool services, including where these are delivered in a long day care service.*

*The Australian Government should negotiate with the State and Territory Governments to incorporate their funding for preschool into the funding for schools and encourage extension of school services to include preschool.*

#### *DRAFT RECOMMENDATION 12.10*

*The Australian Government should provide per child preschool payments direct to long day care services for 15 hours per week and 40 weeks per year where long day care services do not receive such funding from the States and Territories.*

#### *DRAFT RECOMMENDATION 7.9*

*Dedicated preschools should be removed from the scope of the National Quality Framework and regulated by State and Territory Governments under the relevant education legislation. The quality standards in State and Territory education legislation should broadly align with those in the National Quality Framework. Long day care services that deliver preschool programs should remain within the National Quality Framework.*

### 3.1.1 Universal Access Program

The City is the provider of two community-based preschools within its LGA. The City is pleased that the Commission has recommended the continuation of funding of the Universal Access Program. The City is concerned, however, at the suggestion that the Australian Government should incorporate funding for preschool into the funding for schools. If funding for preschool education is bundled with school funding, it could be absorbed into general school aged education budgets.

### 3.1.2 Funding divide between preschools and long day care

The City does not see that there is a difference between the different types of early education and care available to children. The City believes the Commonwealth should be responsible for ensuring all children have access to high quality, affordable education and care, without the distinction between care and education. The preschool education children receive in our long day care centre or our work-based centre, is equivalent to the preschool education the children in our dedicated preschools receive. Splitting responsibility for 'childcare' and 'early education' is no longer sensible or workable. Funding early education and care from one level of Government, regardless of service type, will assist in removing the perception that long day care is focused on care and preschools are focussed on education, when both are regulated in the same way and offer educational programs focussed on early childhood learning.

In saying this, the City does not agree with the Commission's recommendation to provide preschool funding to long day care centres and forego CCB or CCR payments for days when parents choose to send their children to transitional preschool programs. Whilst the Commission suggests that the long day care centres can offer these hours on an occasional basis to children, long day care centres would find it difficult to find families only wanting a few hours of care. The loss of CCB and CCR for those hours could adversely affect the financial viability of long day care centres.

### **3.1.3 Preschools and the National Quality Framework**

The City also believes that preschools should not be removed from the National Quality Framework. The City believes that this will further entrench an existing perception amongst parents that long day care and preschools offer different educational outcomes, potentially leading to a reduction in the number of people taking up preschool care options for their children. In the City of Sydney LGA, the majority of preschools are community-based preschools, not preschools attached to the NSW Education Department. These preschools identify with the broader education and care sector and should be regulated and assessed under the National Quality Framework.

### **3.2 City Of Sydney Recommendations:**

The City:

- Supports the recommendation for the Australian Government to continue to provide 'per child' payments to the States and Territories for universal access to a preschool program of 15 hours per week for 40 weeks per year.
- Recommends that, should funding for preschools, co-located with schools, be bundled into the school budget, it should be specifically quarantined for preschool education.
- Recommends that the Commission deletes Draft Recommendation 12.10 as this could adversely affect the financial viability of long day care centres.
- Recommends that preschools should not be removed from the National Quality Framework as this will continue to ensure that children have access to high quality educational programs.

## 4. Outside school hours care – improving accessibility, flexibility and affordability

### 4.1 In relation to this issue, the Productivity Commission Draft Report recommends the following:

#### *DRAFT RECOMMENDATION 7.4*

*Governments should develop and incorporate into the National Quality Framework a nationally consistent set of staff ratios and qualifications for those caring for school age children in outside school hours and vacation care services. These requirements should take into consideration ratios that are currently acceptable for children during school hours, the uncertainty surrounding the additional benefits of more staff and higher qualifications and the valuable contribution that can be made to outside school hours care services by less qualified older workers and University/TAFE students.*

#### *DRAFT RECOMMENDATION 8.1*

*The Australian Government should ensure that the requirement (currently contained within the Child Care Benefit (Eligibility of Child Care Services for Approval and Continued Approval) Determination 2000) for most children attending an outside school hours care service to be of school age, is removed and not carried over into any new legislation.*

#### *DRAFT RECOMMENDATION 8.2*

*State and Territory Governments should direct all schools to take responsibility for organising the provision of an outside school hours care service for their students (including students in attached preschools), where demand is sufficiently large for a service to be viable.*

#### 4.1.1 Ratios and Qualifications in OSHC

The City is a provider of six Out of School Hours Care services across the LGA. We have found that there is a high demand for OSHC in the LGA and are now in the process of updating our Child Care Needs Analysis to help assess future supply and demand related issues.

As there is a high demand for care for children in the LGA, in both Early Care and Education and OSHC, the City can see merits in having preschool-aged children in afterschool care programs as this will assist families who need to work past school hours. The City is therefore supportive of the inclusion of preschool-aged children in OSHC services on the proviso that the preschool ratios and qualifications of staff are maintained whilst using the OSHC service. The absence of many of the requirements that are needed in centre-based services for this age group, such as safety fences, would either put a large risk management burden on educators or would require additional capital works to enable operators to fulfil duty of care requirements and meet the National Quality Standard and the requirements of the Early Education and Care Regulations. We believe that in order for OSHC services to effectively cater for the needs of larger numbers of preschool-aged children, the ratios would need to equal those of centre-based education and care for this group. Professional development for educators would need to be provided and a capital infrastructure fund would need to be established.

The City also believes that schools should take responsibility for ensuring the OSHC needs are met for the children using their schools. With more families needing to work, school hours are no longer suitable for most families. Providing OSHC on school premises or in premises located close to their schools, is more convenient for families during drop off and pick up times.

#### 4.2 City of Sydney Recommendations

The City of Sydney:

- Agrees that Governments should develop and incorporate into the NQF a nationally consistent set of staff ratios and qualifications for those caring for school-aged children in outside school hours and vacation care services as it will raise the standards of care and education provided to children using those services (Draft Recommendation 7.4).
- Supports the inclusion of preschool school-aged children in out of school hours on the proviso that the preschool ratios and qualifications of staff are maintained whilst using the OSHC service (Draft Recommendation 8.1).
- Agrees that schools should take responsibility for ensuring that OSHC needs are met for children using their schools (Draft Recommendation 8.2).

## 5. Removal of ECEC assistance to some providers

### 5.1 In relation to this issue, the Productivity Commission Draft Report recommends the following:

#### *DRAFT RECOMMENDATION 9.1*

*The Australian Government should remove the registered childcare category under the Child Care Benefit.*

#### *DRAFT RECOMMENDATION 10.1*

*In line with the broad level recommendations of the Productivity Commission's 2010 study into the Contribution of the Not for Profit Sector, the Australian Government should remove eligibility of not-for-profit ECEC providers to Fringe Benefit Tax exemptions and rebates.*

*State and Territory Governments should remove eligibility of all not-for-profit childcare providers to payroll tax exemptions. If Governments choose to retain some assistance, eligibility for a payroll tax exemption should be restricted to childcare activities where it can be clearly demonstrated that the activity would otherwise be unviable and the provider has no potential commercial competitors.*

#### *DRAFT RECOMMENDATION 12.1*

*The Australian Government should remove section 47(2) from the Fringe Benefits Tax Act 1986, that is, the eligibility for Fringe Benefit Tax concessions for employer provided ECEC services. It should retain section 47(8), which enables businesses to purchase access rights for children of their employees without this being considered an expenditure subject to the Fringe Benefits Tax.*

#### *DRAFT RECOMMENDATION 12.11*

*The Australian Government should redirect any additional tax revenue gained, or administrative savings from, removing ECEC related tax exemptions and concessions to expand the funding envelope for ECEC.*

*For not-for-profit providers of block funded ECEC services to children with additional needs, the tax savings should be included in their block funding arrangements while these programs continue under the current funding agreements.*

#### 5.1.1 Registered Child Care Benefit Subsidy

The City directly operates two preschools and leases six preschools through the Accommodation Grants Program (AGP) to not-for-profit operators. Families using these centres have the opportunity to claim a small amount of subsidy through registered CCB to offset the cost of fees. Taking this subsidy away would mean that these families would not have access to any subsidy to slightly reduce costs. These families cannot claim CCR for out-of-pocket costs and therefore are more financially disadvantaged than those families accessing care through approved services such as long day care, family day care and occasional care.

### 5.1.2 Payroll Tax Exemptions and Fringe Benefit Tax Concessions

There are roughly equal numbers of not-for-profit long day care centres and for-profit ones within the City. The majority of preschools within the City are not-for-profit. The City has approximately 15 work-based care centres within the LGA. The largest providers of education and care in the City are large not-for-profit providers, SDN and KU Children's Services. Both of these organisations provide high quality education and care. The City believes that anything that would hamper the ability of not-for-profit providers to continue this provision should not be imposed when we are already in a situation where demand does not meet supply.

Specifically, the City is concerned that the following would impact on the ability of not-for-profit providers and employers to continue provision of education and care within the City:

- Removal of payroll tax concessions to not-for-profit providers
- Removal of access to fringe benefits tax concessions for employer provided care

We do not believe that within the city, the provision of any of these things unfairly advantages not-for-profit providers, but rather enables them to continue the provision of care in a high cost environment.

Historically, the City has been a strong advocate for quality ECEC and currently owns and/or leases premises from which 23 ECEC centres operate. These are either directly operated by the City, or leased to not-for-profit providers under its Accommodation Grants Program (AGP) or commercially to other providers.

The City's AGP is one of the City's 19 grants and sponsorships programs. It supports not-for-profit community organisations by providing accommodation in Council-owned buildings within the community property portfolio at nil or below market rent. Council currently leases 16 centres under its AGP to a range of not-for-profit providers. As part of the requirements of the AGP, these services must meet Key Performance Indicators that support the City in meeting its objectives under the City's Community Strategic Plan. The City has also contracted Children's Services Community Management to operate its work-based centre in Chippendale.

The City believes that these arrangements are of benefit to city residents and believe they should not be discouraged.

Research conducted for the City last year<sup>4</sup> shows that City-operated services and those operated by the not-for-profit sector are providing higher access to places for children and families from disadvantaged backgrounds than for-profit centres. This includes for children from low-income families, those with additional needs and those from Aboriginal and/or Torres Strait Islander backgrounds.

- The proportion of children who receive full CCB (that is those receiving the full CCB and on very low incomes) was significantly lower in private centres (6.0%) than not-for-profit centres (16.2%) and City-operated centres (25.5%).
- The proportion of Aboriginal and/or Torres Strait Islander children accessing care was much higher overall in Council-operated centres (10.8%) and not-for-profit (community-based) (5.8%) compared to private centres (0.4%).

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<sup>4</sup> Cred Community Planning and Community Child Care Co-operative (NSW), City of Sydney Child Care Needs Analysis 2013

- The proportion of children with additional needs accessing care in the City of Sydney in 2013 was higher overall in not-for-profit (community) centres (3.3%) compared to Council-operated (1.1%) and private (0.6%) centres. Not-for-profit services in the City of Sydney are providing a higher rate of access than nationally (2.6%).

The City believes that any removal of access to tax concessions for not-for-profit services would impact the ongoing capacity of those services continuing to provide education and care and catering for higher needs groups and therefore would jeopardise access to education and care by the very groups who already face barriers to access.

## 5.2 City of Sydney Recommendations

The City:

- Recommends that access to the registered childcare category of CCB should not be removed and that the Commission deletes Recommendation 9.1.
- Recommends that the payroll tax exemptions currently available to not-for-profit operators and fringe benefit tax concessions available to employer sponsored childcare centres, should remain as these will assist in keeping costs down. The removal of these concessions could drive childcare fees up.

## 6. Quality assurance processes and regulation of ECEC

### 6.1 In relation to this issue, the Productivity Commission Draft Report recommends the following:

#### *DRAFT RECOMMENDATION 7.8*

*Governments should extend the scope of the National Quality Framework to include all centre and home-based services that receive Australian Government assistance. National Quality Framework requirements should be tailored towards each care type, as far as is feasible and minimise the burden imposed on services.*

#### *DRAFT RECOMMENDATION 7.1*

*To simplify the National Quality Standard, Governments and ACECQA should:*

- identify elements and standards of the National Quality Standard that can be removed or altered while maintaining quality outcomes for children*
- tailor the National Quality Standard to suit different service types — for example, by removing educational and child-based reporting requirements for outside school hours care services.*

#### *DRAFT RECOMMENDATION 7.2*

*Requirements for educators in centre-based services should be amended by Governments such that:*

- all educators working with children aged birth to 36 months are only required to hold at least a certificate III, or equivalent.*
- the number of children for which an early childhood teacher must be employed is assessed on the basis of the number of children in a service aged over 36 months.*

#### *DRAFT RECOMMENDATION 7.3*

*Differences in educator-to-child ratios and staff qualification requirements for children under school age across jurisdictions should be eliminated and all jurisdictions should adopt the national requirements.*

#### *DRAFT RECOMMENDATION 7.5*

*To provide services with greater flexibility to meet staffing requirements, ACECQA should:*

- remove the requirement that persons with early childhood teacher qualifications must have practical experience for children aged birth to twenty four months*
- explore ways to make the requirements for approving international qualifications simpler and less prescriptive in order to reduce obstacles to attracting appropriately qualified educators from overseas.*

*All governments should allow services to temporarily operate with staffing levels below required ratios, such as by maintaining staffing levels on average (over a day or week), rather than at all times.*

*The New South Wales and South Australian Governments should allow a three month probationary hiring period in which unqualified staff may be included in staff ratios before beginning a qualification, as was recently adopted in all other jurisdictions.*

### 6.1.1 In relation to this issue, the Productivity Commission seeks further information in relation to:

#### INFORMATION REQUEST 7.1

*The Commission seeks participants' views on the expected impacts on the development of children under 36 months of focusing required teachers in centre-based care on children over 36 months.*

### 6.1.2 National Quality Framework

As a provider of education and care and as a Council committed to ensuring our youngest residents get access to the highest quality education and care available, the City is very concerned about the possible impact of recommendations in this section of the Commission's report on high quality provision.

Although we support the extension of the NQF to current out-of-scope service types (especially Occasional Child Care), we do not believe that requirements should be tailored towards each care type. One of the most noteworthy things about the NQF is that through the existence of a National Quality Standard children should be able to access the same quality of education and care regardless of the service type they access it through. This should not be weakened. We also do not believe that any elements or standards of the National Quality Standard should be removed. The City understands that the standards and elements are evidence-based about what is required to deliver high quality education and care. As a provider of education and care, we have undertaken extensive work to ensure that our policies and procedures are compliant with the NQS. We have invested in extensive training to ensure that all our staff have a thorough understanding of the NQF, The National Quality Standards, the Early Years Learning Framework and My Time Our Place. The services are all prepared for Assessment and Rating visits. One of our preschools has recently undergone Assessment and Rating and the educators found the whole process worthwhile.

### 6.1.3 Ratios and Qualifications

Draft Recommendation 7.2 and 7.3 are not, in the City's view, supported by evidence regarding the provision of high quality care. As the City understands the evidence, the primary determinants of high quality provision in education and care are ratios and qualifications of educators.

To suggest that babies do not require the highest qualified educators available (early childhood teachers) is contrary to the evidence on brain development of very young children. There exists a need to have educators who have the skills and knowledge to apply the more complex attributes of understanding and building relationships that are beyond a Certificate III holder's training and qualification provides.

NSW Regulations have always required early education and care services provide a teacher for each 30 children, except in the smallest of services. This was in recognition of the evidence that teachers have a higher understanding of education that results in the delivery of a higher quality program to children within education and care settings. New South Wales existing standards as quarantined within the Education and Care Services National Regulations, should become the minimum standards for other States and Territories rather than our standards being weakened to match those in other States.

The parts of recommendation 7.5 that suggest services should be allowed to “temporarily operate with staffing levels below required ratios, such as by maintaining staffing levels on average (over a day or week), rather than at all times” and that New South Wales should “allow a three month probationary hiring period in which unqualified staff may be included in staff ratios before beginning a qualification” are also not educationally sound. Ratios exist to enable children to form strong relationships with educators and to ensure that educators are working in a situation that does not add unnecessary stress. Any weakening of these requirements could lead to higher staff turnover and increase the possibilities of inadequate supervision occurring.

## 6.2 City of Sydney Recommendations

The City:

- Agrees that current out-of-scope services such as Occasional Care and In-Home Care should be included in the NQF as this will ensure children using those services have access to high quality education and care.
- Recommends that the Commission deletes Recommendation 7.1 and 7.2 and that the status quo should remain. Qualifications are clear indicators of high quality education and care.
- Recommends that if Recommendation 7.2 were to proceed, that it only does so if ratios currently enforced in New South Wales are adopted nationally.
- Recommends that the parts of Recommendation 7.5 that refer to services being able to average staffing and ratio levels and that New South Wales should allow unqualified staff to work for three months without a qualification, should not proceed and the status quo should be retained.

## 7. Planning for Education and Care Services

### 7.1 In relation to this issue, the Productivity Commission Draft Report recommends the following:

#### *DRAFT RECOMMENDATION 7.12*

*Local Governments should adopt leading regulatory practices in planning for ECEC services. In particular, Local Governments should:*

- use planning and zoning policies to support the co-location of ECEC services with community facilities, especially schools*
- use outcomes-based regulations to allow services flexibility in the way they comply with planning rules, such as in relation to parking*
- not regulate the design or quality of any aspect of building interiors or children's outdoor areas within the service property, where such regulation duplicates or extends the requirements of the National Regulations or other standards such as the Building Code of Australia*
- not impose regulations that interfere with the operation of the ECEC market, such as by restricting the maximum number of permitted childcare places in a service*
- provide clear guidelines for the assessment of development proposals in relation to ECEC services and update these guidelines regularly.*

*State Planning Departments should, as in Victoria, develop flexible standard planning provisions that can be applied across Local Governments to ensure some level of consistency and scrutinise amendments to local planning schemes that might seek the introduction of different standards to guard against potentially costly requirements being imposed.*

#### 7.1.1 Local Council Development Control Plans

The Commission's draft report claims that:

*"Currently, a number of Local Governments appear to impose requirements that extend beyond (often far beyond) what the Commission considers should be within their responsibilities". (p.515)*

However, under the *Local Government Act 1993*, Local Councils have the responsibility to plan for the needs of children and this includes a responsibility to plan for quality ECEC appropriate to the needs of their Local Government Area (LGA). Local Councils in New South Wales prepare long-term integrated community strategic plans in partnership with their communities. These plans drive local planning and outcomes-based regulations and balance the needs of diverse community stakeholders to enable transparent and efficient decision-making. Whilst the City supports the need for Local Government to adopt leading regulatory practices and not duplicate National Regulations, the City argues that Local Government must continue to be able to regulate for the additional specific needs of their communities. For the City this means regulating for the needs of its 191,000 residents and its 435,000 workers living and working in residential areas and the Sydney CBD. The City therefore argues against certain aspects of the recommendations made by the Commission, which would impact on its abilities to plan effectively and deliver its responsibilities under the *Local Government Act 1993*.

In summary, these include:

- Local Government must be able to regulate for the unique needs of their local communities in accordance with their legislated responsibility under the *Local Government Act 1993*. For the City this includes the need to stipulate safety requirements for above ground childcare centres in the CBD and high-density areas.
- The City must continue to be able to require 33% of all new places for children aged under two years to ensure the high demand from residents and workers is met and argues that this will not impact on viability.

The Productivity Commissions states that *“Local Government should not regulate the design or quality of any aspect of building interiors or children’s outdoor areas within the service property, where such regulation duplicates or extends the requirements of the National Regulations or other standards such as the Building Code of Australia”*.

The Sydney Development Control Plan 2012 (Sydney DCP 2012) currently mirrors the requirements of the National Regulations in many areas. However, the National Regulations do not currently take into account the risk to children during a fire or emergency when evacuating from above ground level childcare centres. The City believes that it should continue to regulate around the location of childcare centres above ground level ensure that the safety and wellbeing of children is paramount.

The Productivity Commission states that *“Local government should not impose regulations that interfere with the operation of the ECEC market, such as by restricting the maximum number of permitted childcare places in a service”*.

The Sydney DCP 2012 states that:

*“4.4.4.2 Allocation of childcare places*

- (1) Proposals for childcare centres are to:*
  - (a) Not exceed 90 childcare places;*
  - (b) Provide a minimum of 33% of childcare for children aged under two years”*.

The Productivity Commission’s Report argues that such regulations restrict provision of new centres and impact on viability:

*“The City of Sydney, in an attempt to increase the availability of places for younger children, requires at least one third of places to be for children aged under two years. However, rather than increasing availability, this kind of requirement can also limit availability by reducing the viability of ECEC services, since this is the most costly age group to provide care for. Councils should not interfere with market provision by stipulating the age distribution of places offered”*. P.320

The City asserts that there is no evidence that the existing DCP place requirements impact on centre viability. Between 2005 and 2013 the City has approved an additional 2,144 places (with 1,310 operational as at January 2014). Furthermore, a review of ten major Development Applications and interviews with six developers also indicated that the Sydney DCP 2012 did not adversely impact on childcare centres proceeding or their viability<sup>5</sup>.

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<sup>5</sup> Cred Community Planning and Community Child Care Cooperative NSW, City of Sydney Child Care Analysis 2013

The City includes a minimum requirement of 33% places for all children under two because if it did not, the private market may not supply childcare services appropriate to the needs of its community due to the higher staff ratios and upfront build costs. It could also result in an oversupply in places for three to five year-olds impacting on viability of other local centres. The City argues that in high demand areas such as the City of Sydney, providing places for children aged under two years would most likely increase viability for the following reasons:

- The largest demand across the LGA is for places for children aged under two years. Whilst there are few to no vacancies at almost all childcare centres across the LGA, those vacancies that do exist are places for children aged three to five years. The majority of children on waitlists are also aged under two years where there is a large and increasing demand.
- There is a natural progression of places within a service between various age groups. Services that provide places for under two's are more likely to be viable as children will transition from the under two's room to toddler and preschools rooms and stay using that service thus making them more competitive in the marketplace.<sup>6</sup>
- Services are able to charge a higher fee to compensate for the higher staff ratios caring for children aged under two years.

Furthermore, the Productivity Commission's Report asserts that Local Government should not regulate a cap on the total places an ECEC provides. The City has always had a 90 place cap, for the following reasons:

- Research has consistently shown that as childcare centres increase in size, the programmatic aspects begin to focus on rules and the management of large numbers of children;
- The difficulties in ensuring that care does not become institutionalised is more difficult in a larger centre;
- If ECEC services are to have a larger capacity, smaller units of 60 to 75 with separate entrances to allow the centre to maintain a small-scale and homelike environment would be desirable;
- A large centre would not be able to maintain what is seen as a desired home-like atmosphere and children would be dwarfed by the scale of the buildings; and
- Education and care is primarily about relationships. Ensuring that meaningful relationships can be forged between the centre and families and with each child and educators would be much more difficult in a large scale centre.

We have taken on board the Commission's recommendation to remove a cap on centre size. The City, however, will continue to have policy requirements to encourage appropriate room sizes to ensure quality outcomes for local children and families.

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<sup>6</sup> Ibid

### 7.1.2 Guidelines for assessment of development proposals in relation to ECEC services:

The City currently provides developers with clear guidelines in relation to ECEC services. We have found that this has assisted developers in understanding the assessment process and what information we look for when assessing development proposals. We have found that the biggest hurdle is having a clear understanding of what the State Government looks for when assessing services for Service Approvals. We believe that it would be of great benefit for the State Government to work closely with Local Governments to provide advice on what they look for when assessing childcare centres for service approvals. This would also assist developers and operators as they would not be requested to make as many changes to the childcare centres in order to gain a service approval.

### 7.2 City of Sydney Recommendations

The City of Sydney:

- Recommends that Local Government still be able to impose conditions on developers and operators where legislation and regulation is silent therefore recommends that the parts of Recommendation 7.12 be removed.
- Agrees that clear guidelines should be provided to developers for the assessment of development proposals in relation to ECEC services (Recommendation 7.12).
- Recommends that relevant State and Territory Departments of Education provide consistent guidelines to developers and Councils in relation to design standards, particularly of outdoor spaces, to ensure that developers can meet both service approval and development approval standards and controls. This would help developers avoid having to make further changes to environments following planning approval in order for service approval to be granted.
- Supports the removal of a cap on centre size however, recommends that Councils continue to have policy requirements to encourage appropriate room sizes to ensure quality outcomes for local children and families (Recommendation 7.12).