



**ORDINARY MEETING OF COUNCIL  
23 FEBRUARY 2009**

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- 2.2.2. Affordable and of high quality.
- 2.2.3. Available to families in Port Phillip when they need it.
- 2.2.4. Part of integrated family and children's services which provide quality care, health and educational outcomes for children and families.
- 2.3. That Council again calls on the Federal Government to:
  - 2.3.1. Lead a revitalised national early year's reform agenda which is based on research that clearly demonstrates the importance of the early years (particularly 0 to 3 years old) on health and educational outcomes for children.
- 2.4. That Council calls on the federal and state governments to:
  - 2.4.1. Recognise and support the role of Local Government in the roll-out of integrated family and children's service delivery models.
  - 2.4.2. Provide funding in partnership with local government authorities to construct and operate additional family and children's centres including additional childcare places to meet demand.
- 2.5. That council officers explore options for future consideration by Council for additional family and children's centres in the City of Port Phillip. Such options include, but are not limited to, the purchase of land, and/or the purchase or long term lease of premises suitable for integrated service delivery for families and children.

**3. BACKGROUND AND CONTEXT**

- 3.1. The ABC Childcare group of companies has been placed in receivership. There were four ABC child care centres within the City of Port Phillip at the time the receivers were appointed.
- 3.2. The original receivers determined that a number of the centres were unviable and a second set of receivers were appointed to deal with the unviable centres. There are two such "unviable" centres in the City of Port Phillip. These centres are ABC East St Kilda (Westbury St) and ABC Melbourne (Park St, South Melbourne)
- 3.3. In 2005 Council conducted a Best Value Review of children services which led to the adoption of a new childcare policy on 22 February 2006, and a 5 year capital works program aimed at upgrading council and community managed centres to retain childcare places, as well as create new childcare places.
- 3.4. The Child Care Policy commits Council to improving access to high quality, affordable childcare and re-affirmed council's ongoing commitment to support, financially and otherwise, council and community childcare operations.

**ORDINARY MEETING OF COUNCIL  
23 FEBRUARY 2009**

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- 3.5. Council's 5 year capital works program for council and community managed children's centres was adopted on 19 December 2005. The program was for \$5.4M to create 268 places over 5 years.
- 3.6. Council strengthened its commitment to capital works, such that by the end of June 2008 more than \$6M had already been spent on 241 new places with a further commitment to two new integrated family and children's centres in partnership with the state and federal governments.
- 3.7. In the absence of Council's investment, the number of childcare places in the City would have reduced by 101 places (a combination of closures and reductions due to regulation changes).
- 3.8. The potential closure of ABC Centre puts at risk childcare places in the City. As a result, Council adopted the following resolution at its meeting on 8 December 2008 regarding the EOI process for ABC centres:

- "1. That Council re-affirms its goal of support for childcare which is:*
- a) A joint responsibility of the three levels of government together with families.*
  - b) Affordable and of high quality.*
  - c) Available to families in Port Phillip when they need it.*
  - d) Part of integrated family and children's services which provide quality care, health and educational outcomes for children and families.*
- 2. That the City of Port Phillip calls on the Federal Government to:*
- a) Lead a revitalised national early year's reform agenda which is based on research that clearly demonstrates the importance of the early years (particularly 0 to 3 years old) on health and educational outcomes for children.*
  - b) Recognise and support the role of Local Government in the roll-out of integrated service delivery in co-located child and family services hubs.*
  - c) Provide funding to local government authorities who are prepared to operate failed ABC childcare centres.*
- 3. That the City of Port Phillip notifies the Federal Government, State Government, Municipal Association of Victoria and the receivers of the ABC Learning group of companies that:*
- a) Council's policy position is as outlined in 1 and 2 above.*
  - b) Council is keen to support families affected by the failure of ABC Learning and is prepared to operate ABC childcare centres in the municipality provided that:*
    - The net operating costs, including leases and other costs associated with buildings and grounds, are funded by the Federal Government and any costs to be borne by Council are identified for Council to consider.*

**ORDINARY MEETING OF COUNCIL  
23 FEBRUARY 2009**

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- *Council's existing children's services operations are not compromised.*
  - *Council is indemnified against any liabilities arising from the existing operations.*
  - *The centres will be operated by Council to the same high standards with respect to quality of care, conditions of employment and compliance with regulations as Council managed centres.*
  - *Such operations are short to medium term whilst a national reform agenda is developed and implemented.*
4. *That Council notes that Council's family and children's services staff will continue to offer advice and support to ABC Learning staff and users."*
- 3.9. Council officers have been in contact with ABC2 receivers since this time in relation to the EOI process.
- 3.10. Council submitted an expression of interest on 20 January 2009 and a non binding indicative offer was made on the 30 January 2009.
- 3.11. Council's Manager Community Services, Coordinator Family and Children's Services and Operations Coordinator Children's Services inspected both the ABC2 centres on 15 February 2009.
- 3.12. In both cases it was noted that in order for the two centres to operate at a standard which our community would expect of a facility managed by the City of Port Phillip significant additional financial and human resources would be required. For example:
- internal capital works to improve supervision and safety of children and reduce operational inefficiencies
  - increased staffing levels with higher qualifications
  - additional and improved bathroom facilities to increase hygiene and safety levels and more respectful practices for children
  - upgrades to the outdoor play spaces to incorporate natural materials and increased sensory and gross motor experiences
  - improved toys and equipment
  - additional professional development for existing staff to improve health and educational outcomes for children.
- 3.13. Note that the premises are not for sale in this process so any capital works would require approval from the landlord and if approved, would be carried out on premises that are not owned by council.

**ORDINARY MEETING OF COUNCIL  
23 FEBRUARY 2009**

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- 3.14. Note that ABC St Kilda East is subject to a heritage overlay and ABC Melbourne is a former church. This would impact on what works could be approved.
- 3.15. If Council were to proceed to purchase the two businesses a binding offer is due on the 25 February 2009.
- 3.16. Note that in order to participate in the process Council has been required to give an undertaking not to disclose publically any financial or other information such as utilisation rates and residency status of users.

**4. CONSULTATION AND STAKEHOLDERS**

- 4.1. The people who have been engaged with in relation to this issue are:
- Mayor and councillors
  - Chief Executive Officer
  - Family and Children's Services Coordinators
  - Governance Department
  - Property Services
  - Maddocks Lawyers
- 4.2. Engagement has been principally about information provision because of the short timelines and the slow release of information by the receivers.

**5. DISCUSSION**

**5.1. OPTIONS**

- 5.1.1. There are two broad options – either to not put in a binding offer or to put in a binding offer for the two centres.
- 5.1.2. To not put in an offer and do nothing further, may not adequately deal with the potential closure of the two centres if there are no other bidders.
- 5.1.3. Similarly, a simple binding offer on the terms and conditions expected by the receivers poses significant risks and costs to council such that it is not recommended for consideration.
- 5.1.4. Consequently two options are outlined below for Council's consideration. The recommended option is to not to put in a binding offer, but to consider other initiatives consistent with Council's policy objectives.
- 5.1.5. If council proceeds with submitting a conditional binding offer, and is successful, it will be committed to immediately allocating additional operational expenditure and capital funding for centres that council would not own.
- 5.1.6. If council proceeds with the recommended option, additional expenditure may also be required. However under this option the decision to commit to additional funding would be made having had

**ORDINARY MEETING OF COUNCIL  
23 FEBRUARY 2009**

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greater opportunity for more in depth needs analysis and scoping of any projects arising. Such projects would be for longer term, more sustainable solutions and produce higher quality outcomes for children and families.

**5.2. OPTION ONE (Recommended Option)**

5.2.1. That Council resolves to not submit a formal offer to PPB (receivers for ABC2) for the child care businesses known as ABC East St Kilda and ABC Melbourne because of the significant costs and risks outlined the confidential attachments.

5.2.2. That Council re-affirms its goal of support for childcare which is:

5.2.2.1. A joint responsibility of the three levels of government together with families.

5.2.2.2. Affordable and of high quality.

5.2.2.3. Available to families in Port Phillip when they need it.

5.2.2.4. Part of integrated family and children's services which provide quality care, health and educational outcomes for children and families.

5.2.3. That Council again calls on the Federal Government to:

5.2.3.1. Lead a revitalised national early year's reform agenda which is based on research that clearly demonstrates the importance of the early years (particularly 0 to 3 years old) on health and educational outcomes for children.

5.2.4. That Council calls on the federal and state governments to:

5.2.4.1. Recognise and support the role of Local Government in the roll-out of integrated family and children's service delivery models.

5.2.4.2. Provide funding in partnership with local government authorities to construct and operate additional family and children's centres including additional childcare places to meet demand.

5.2.5. That council officers explore options for future consideration by Council for additional family and children's centres in the City of Port Phillip. Such options include, but are not limited to, the purchase of land, and/or the purchase or long term lease of premises suitable for integrated service delivery for families and children.

**5.3. OPTION TWO**

5.3.1. That Council resolves to submit a binding offer to PPB (receivers for ABC2) for the child care businesses known as ABC East St Kilda and ABC Melbourne on the conditions summarised below and detailed in the confidential attachments.

**ORDINARY MEETING OF COUNCIL  
23 FEBRUARY 2009**

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- 5.3.2. That Council notes that the details of its conditions of offer are confidential for commercial reasons but in general terms can be summarised as follows:
- 5.3.2.1. That new lease arrangements are negotiated on terms and conditions which are consistent with market value, for a fixed term of medium duration with the option of extensions.
- 5.3.2.2. That the premises (buildings and grounds) are upgraded to a standard which would enable the facilities to be operated at a standard which our community would expect of a facility operated by the City of Port Phillip.
- 5.3.2.3. That the costs of the upgrades be met by the federal government and/or the landlords.

**5.4. POLICY IMPLICATIONS**

- 5.4.1. The recommended option is consistent with a range of council policies regarding integrated services and facilities for children and their families.
- 5.4.2. Establishing integrated family & children's centres has been identified as a key action of Port Phillips **Municipal Early Years Plan (MEYP)** i.e . 'establish a program of co-location for stand alone services such as Maternal and Child Health, kindergarten, childcare and related services.' The MEYP identified six goals that support the establishment of these facilities in particular 'adopt a fully integrated approach'.
- 5.4.3. Council also adopted a **Community Hubs Policy** in 2004 which provides the framework for the planning and delivery of integrated family and children's services models for Port Phillip.
- 5.4.4. Council's **Health Plan** also promotes opportunities for greater social cohesion and integration of service provision as key determinants of improved health and wellbeing outcomes for children and families. The recommended option is also consistent with the **Council Plan 2005-2009** goals to 'consolidate services and activities in community centres in key locations' and 'Bringing people together to make our city better'.
- 5.4.5. The recommended option is also consistent with the policies that underpin the establishment of the newly created, integrated State Government Department of Education and Early Childhood Development and the department's '**Blueprint for Education and Early Childhood Development**' and related policies (e.g. Children First, Best Start, A Fairer Victoria, and Joining the Dots, Victoria's plan to improve outcomes in early childhood - National Reform Agenda).
- 5.4.6. The Australian Government has committed to a broad reform agenda for early childhood education and care which focuses on providing families with high quality, accessible and affordable integrated early childhood education and care (**Draft Early Years Learning Framework, 2008**).

**ORDINARY MEETING OF COUNCIL  
23 FEBRUARY 2009**

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- 5.4.7. Option two is not consistent with the council, state and federal government policies regarding integrated service planning and provision for the early years outlined above.
- 5.4.8. The recommended option and option two are both consistent with council, state and federal government's policies regarding increased access to childcare, but option two does not necessarily provide the service quality level obtainable with purpose built integrated facilities.

**5.5. FINANCE / RESOURCE IMPLICATIONS**

- 5.5.1. The recommended option would require some additional operational funding for project work/feasibility study but this would be within the parameters of normal budget processes. Council would have the opportunity to consider in detail at a future date any capital works proposals arising from this process.
- 5.5.2. The second option would require significant additional operational expenditure. Various scenarios are modeled in Attachment 1 (confidential)
- 5.5.3. There would also be significant capital funding required for option two, unless funding was made available from third parties, for example the federal government. There has been insufficient time and information available to properly scope the extent of works required.

**5.6. LEGAL & RISK IMPLICATIONS**

- 5.6.1. Legal advice has been obtained on the leases for the two properties (Attachment 2) and the proposed binding offer and contract of sale documents (Attachment 3).
- 5.6.2. Significant risks to Council have been identified, even if a conditional binding offer were accepted by the receivers.
- 5.6.3. The recommended option is consistent with families' and children's human rights to quality services.

**5.7. SUSTAINABILITY ASSESSMENT**

**SOCIAL EQUITY**

- 5.7.1. The recommended option has the potential to provide additional integrated, affordable and accessible care, education and health services to children, their families and the local community. Increased opportunities for community connection and friendship would be created.
- 5.7.2. Identifying more suitable premises would allow for greater adaptability of the physical environment as community needs change over time. Actively engaging the community and local service providers in the planning for this model of service provision would ensure its relevance

**ORDINARY MEETING OF COUNCIL  
23 FEBRUARY 2009**

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to the local community now and into the future. Strong neighbourhood partnerships, central management, group employment and integrated service provision will ensure long term flexibility, sustainability and quality services for the Port Phillip community.

**ECONOMIC VIABILITY**

- 5.7.3. The recommended option will seek to maximize council's finite resources and, through more effective and flexible use of facilities, would reduce costs of providing services to the local community.
- 5.7.4. The development of additional integrated family and children's centres will increase the longer term sustainability and viability of the early childhood care, education and health sector. Consolidating administrative aspects and processes would increase efficiencies. There will be opportunities to utilise staff across a range of services and programs as well as resource staff and families in a more effective manner.

**ENVIRONMENTAL RESPONSIBILITY**

- 5.7.5. The recommended option, through the design and operations of more suitable premises, will demonstrate significant environmental improvements and increased sustainability compared to what is achievable with the existing buildings. Alternative premises would be sought with easy access to public transport and which are convenient for the local community.

**CULTURAL VITALITY**

- 5.7.6. The recommended option would enable families to be better connected to supportive networks from the birth of their first baby. Integrated facilities, with a range of universal and specialist services, would have increased capacity to respond to children and families with additional needs, those from culturally and linguistically diverse backgrounds and families in complex situations. Integrated facilities would enable residents to enjoy lifelong learning, from birth.

**6. IMPLEMENTATION STRATEGY**

**6.1 TIMELINE**

- 6.1.2. If Council proceeds with option two, a binding offer must be submitted by the 25 February 2009.
- 6.1.3. If council proceeds with the recommended option, and the outcome of the receivers EOI process resulted in either or both of the ABC2 centres ceasing to operate, steps would be taken to immediately assist families to find alternative care arrangements.
- 6.1.4. Additionally, work would commence immediately on exploring options for additional integrated family and children's centres. This process has yet to be properly scoped, but a six month time frame is envisaged for exploration of options.

**ORDINARY MEETING OF COUNCIL  
23 FEBRUARY 2009**

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**6.2 COMMUNICATION**

6.2.1. If the recommendation is adopted, it suggested that the following communication messages be employed:

6.2.1.1. After careful consideration the Council will not be putting in a formal offer to PPB (receivers for ABC2) for the child care businesses known as ABC East St Kilda and ABC Melbourne.

6.2.1.2. Council will be exploring other options with the aim of securing more suitable premises for additional integrated service delivery, including childcare, for families and children.

6.2.1.3. The City of Port Phillip is committed to supporting services for family and children, including the provision of high quality, accessible and affordable childcare.

6.2.1.4. Council is acting responsibly by maximizing its finite resources whilst striving to ensure children and families can access quality, affordable childcare services.

6.2.1.5. Council will continue to assist children and families currently attending ABC East St Kilda and ABC Melbourne to find alternative childcare, if required.

6.2.1.6. The provision of high quality, accessible, affordable care is a responsibility of all three levels of government, and is best achieved by integrated family and children's services.

6.2.1.7. The provision of childcare in Australia requires major structural reform within the context of integrated care, education and health of children from birth. It is the federal government's responsibility to lead this reform and a comprehensive review is required in partnership with state and local government.

6.2.2. These messages will be delivered via:

- Media releases
- Updates on council website
- Divercity newsletter