

## **Public Question Time**

### **Question from Rhonda Small**

- As part of the business cases being developed, will the community be given the full breakdown of what constitutes Council's investment in Council run centres?
- What are the direct and indirect costs that make up the costs to be reviewed?
- We have heard that over \$500,000 of efficiencies have already been identified. What are these and are they now being enacted?
- Will the indirect costs of voluntary parent management of community managed services and any deleterious effects for salaries and conditions of Councils current staff be considered as part of the business case for transitioning centres?
- Why are services not being offered at least five year leases given the stability of service provision the community expects for its children's services?
- And if the answer has to do with a few services possibly needing to be located, then why not treat these as expectations rather than shortening leases for all services?
- What is Council's definition of 'ensuring competitive neutrality'?
- What is the overarching framework for the business cases to be developed and is developing a public interest argument to justify direct service provision actually part of it or not?

### **Response**

Thank you attending the Council meeting on 18 September to ask a question of Council during public question time. I have provided a response to your questions that were taken on notice at the meeting.

1. As part of the business cases being developed will the community be given the full breakdown of what constitutes council's investment in council run centres? What are the direct and indirect costs that make up the costs to be reviewed?

Direct costs are those expenses that are directly attributed to the running of the services. This includes employee costs, materials and debts. Indirect costs include overheads and accommodation which are costs to Council shared across its operations.

In Every Child, Our Future Policy Issues and Options Paper Council outlined the breakdown of Council's full investment in children's services accounting for direct and indirect costs as well as any advantages arising from government ownership.

2. We have heard that over \$500,000 of efficiencies have already been identified? What are these and are they now being enacted?

By operating more efficiently, actively managing staffing levels in response to changes in centre utilisation and minimising the use of agency staff, operating costs fell by approximately \$260,000 in 2018/19 compared to the previous year. A number of these initiatives were implemented late in the 2018 calendar year and Council is working to imbed these practices on an ongoing basis. Additionally, Council reduced the level of direct grant subsidisation of Council run centres by \$270,000 in 2018/19 compared to the previous year. The reduced level of direct grants was a permanent change. Increases in childcare fees added a further \$400,000 in revenue from Council run centres in 2018/19 compared to the previous year, despite lower utilisation rates across the centres.

3. Will the indirect costs of voluntary parent management of community managed services and any deleterious effects for salaries and conditions be considered as part of the business case for transitioning centres?

The business case will consider the likelihood and impact of a risks associated with the options under consideration. This includes parent and care-giver capacity and the impact on staff.

3a. Will other avenues for increasing parent and caregiver involvement in council run centres also be considered?

Yes. As part of the review, officers are looking at a range of options to increase parent and caregiver involvement.

4. Why are services not being offered at least five year leases given the stability of service provision the community expects for its children's services?

Extending existing leases by three years provides certainty for centres who are currently on shorter lease terms. Aligning timeframes provides some efficiencies regarding the statutory process Council is required to undertake when leasing its properties. There is no reduction in lease terms for any centres as part of this decision.

5. And if the answer has to do with a few services possibly needing to be located, then why not treat these as exceptions rather than shortening leases for all services?

See response above.

6. What is Council's definition of 'ensuring competitive neutrality'? (because it seems that council-run services will no longer be supported if competitive neutrality cannot be ensured)

Council is following the guidelines provided by the Office of Better Regulation regarding competitive neutrality and has been actively seeking their advice and guidance to ensure it is applying the guidelines appropriately. Council is required to comply with competitive neutrality under the agreement made between the Victorian and Commonwealth governments. Under competitive neutrality policy, Council can subsidise its services as long it has evidence that this is the most effective way to achieve its seven Children's Services policy objectives of universal access to quality, meeting community needs, compliance and sustainability, collaboration, family choice, fit-for-purpose facilities and access to natural environments.

As part of the business case, Council will model the potential impact of a range of fee changes to assess the likelihood that it would jeopardise its objectives, in particular, those concerning universal access and family choice. It will also assess the benefit to the community of its investment.

Benefits that will be considered include providing access for children who may be experiencing vulnerability, access for children in general and the impact on average daily fees in the municipality as well as family choice and parental and caregiver engagement.

7. What is the overarching framework for the business cases to be developed and is developing a public interest argument to justify direct service provision actually part of it or not?

Determining what is in the public interest is at the forefront of the business case. The business case will consider:

- What opportunities exist to run the services more efficiently while maintaining quality?

- How would fees need to change to make sure the services comply with National Competition Policy if Council continues to run the four centres?
- How and over what timeframe would fee changes be introduced to ensure that the services are accessible to all families (particularly families with lower incomes)?
- What are the potential benefits (for children and families) and costs (to Council and to families) of transitioning one or more centres to community-based, not-for-profit groups?
- How can Council ensure that all children, and in particular vulnerable children, continue to have access to these services if it is not directly operating these services?
- What effect would the decision have on families and how would families be supported if Council chooses to transition to the community-run model?
- What effect would the decision have on staff and how would staff be supported if Council chooses to transition to the community-run model?