

SUBMISSION TO COUNCIL RE CHILDREN'S SERVICES POLICY REVIEW

THE AVENUE CHILDREN'S CENTRE AND KINDERGARTEN COMMITTEE OF MANAGEMENT

This submission is written on behalf of the Committee of Management (COM) of the Avenue Children's Centre and Kindergarten. We welcome this opportunity to contribute to the City of Port Phillip's (CoPP) Children's Services Policy Review (the Review) and raise a number of important matters for the CoPP's consideration. We also made a submission to the *Draft Council Plan 2017-2027*, which very much complements the sentiment of this current submission and identifies the positive contribution of community run centres to the local community. We recommend these two submissions be considered together.

As the COM of a small but highly valued community run childcare centre, we are acutely aware that there is no 'one size fits all' when it comes to early childhood education. However, we believe it is vital that the Council recognises the special and important place that small community run centres have in both the lives of children growing up in the CoPP and their families. As per the CoPP's 'Early Years Guiding Principles', we strongly believe that the Council should ensure that a variety of early childhood centres that offer different environments (including large, new multi-function centres, alongside smaller community centres) continue to operate within the CoPP. This should be a priority of the Council. In particular, we consider the Council's ongoing support for these different centres as an essential service that should be made available for families residing, working and paying rates in the CoPP. We consider there are a number of areas of reform that could enhance the future viability of council supported centres, including the Avenue. In particular, we have identified five key areas for reform in this submission.

THE AVENUE CHILDREN'S CENTRE AND KINDERGARTEN

The Avenue Children's Centre and Kindergarten (the Avenue) is a community run childcare centre based in Balaclava. It has operated since 1975 in a converted residential home in the Avenue. The Avenue currently has 40 places for children aged between 6 weeks and school age. The Avenue offers long day-care, all meals are provided and we have separate rooms for Babies (0-2years), Toddlers (2-3years) and Kindergarten (3-5years). The Avenue seeks to embody all of the CoPP's Early Years Guiding Principles by offering a unique, safe and nurturing environment for our children, one which aims to meet their specific social and educational needs.

Our staff are very committed to the Avenue, and we have an enviable history of staff retention, including two staff members (one being our Centre Manager) who have over 10 years of service and an additional staff member who has been with the Avenue for over 25 years. The ability of the Avenue to attract and retain staff is a testament to the value we place as a centre on staff satisfaction and

development. In addition, staff retention provides continuity of care for our children, and differentiates our centre from many others where staff turnover is typically high.¹

The Avenue COM is made up of twelve current parents. It is a long standing Committee that provides stability to the Avenue and local and consistent involvement in the day to day running. More generally, our entire parent cohort is very committed and engaged in the management of our centre. Parents are strongly connected with the Avenue and this is reflected in the well-attended functions that are regularly held for families including working bees, fundraising events, information evenings and social family gatherings.

As a small childcare centre, we understand the financial issues that may arise. However, through careful and prudent management the Avenue is, and has been in the past, run as a financially viable and stable operation. This has allowed the COM to allocate funds to programs for the children, including excursions/incursions, as well as consistently invest in professional development for staff. We also pride ourselves on our educator to child ratio and the fact that the Avenue has the lowest daily rate in the area. Further, we note there are many examples of successful, small (eg: less than 50 places) community managed child care services across Melbourne indicating that viability is not always an issue at this size.

Finally, as a small not-for-profit centre that consistently sets its fees below council-run and privately-owned childcare services, we are very aware of the difficulties associated with financial viability. We recognise that the key to financial viability is ensuring we maintain a consistently high utilisation rate. We have been successful over the last 5 years in achieving over 90% utilisation, and often in excess of 95%. We understand that many of the larger centres in the municipality, both privately owned and council run, struggle to maintain such high utilisation rates.

INTEGRATED SERVICES

We recognise that a key policy direction across all levels of Government is the pursuit of integrated services – that is the delivery of one or more children’s/early year’s services in the same location. Integration is more than co-location and the aim is for seamless service delivery and continuity of care across services. It is seen as particularly beneficial for socially/ economically disadvantaged children, as well as providing benefits for staff. While the Avenue is constrained in terms of space, it does already provide an integrated kindergarten and long day program, and with the support from Council is enjoying a good relationship with the Maternal and Child Health and the immunisation program. We welcome further engagement with the Council in relation to potential opportunities to increase our integration with other children’s services in the CoPP.

COUNCIL INVOLVEMENT IN CHILDCARE THROUGHOUT MELBOURNE AND THE CITY OF PORT PHILLIP

While 70% of Councils are involved in long day care in some way (47% as licensees; 68% as owner and maintainer of facilities), the CoPP appears to have a unique arrangement in relation to the latter function. The CoPP currently invests significantly more in children’s services than many other local governments. This level of support is very much appreciated by families who attend the Avenue.

¹ <http://www.abc.net.au/news/2016-06-29/high-staff-turnover-in-childcare-sector-affects-kids-development/7555038>

Arguably, the Council offers a higher level of support through the quality subsidy and until recently its subsidisation of fees for low income families. It is only one of three councils providing central enrolment for long day care for services for which they are not a licensee. While the Council offers a comprehensive maintenance function, it charges for the function. Maintenance and infrastructure upgrades to childcare facilities are funded by, among other things, charging a maintenance levy and infrastructure levy to the centres.

Leasing arrangements typically vary across councils in Melbourne, although the COM is aware that both the City of Darebin and the City of Boroondara require that their respective childcare services be responsible for day to day maintenance, cleaning and expenses associated with outdoor areas. Neither appear to charge a maintenance fee.

COUNCIL'S FUNDING MODEL

A key aspect of the Review, as we understand it, is consideration of the financial contribution Council is able and willing to make in order to provide a variety of children's services, including childcare. We strongly support a review of the funding model that is currently in place, and while we firmly believe that the Council should continue to support childcare services throughout the CoPP, we believe that the funding model needs to change significantly.

In particular, we note that the Council is subsidising five council run centres, via the Operations Subsidy, to in excess of \$1 million dollars each year. This is clearly not sustainable longer term. We believe an assessment needs to be made as to why these centres require such significant extra funding in order to continue operating. As a small centre that has consistently charged fees lower than the council-run centres, and significantly below private childcare centres in the CoPP, we recognise that maintaining financial viability can at times be difficult. However, through careful management, retention of staff and retention of families – particularly at kindergarten level where there is increased competition throughout the CoPP – the Avenue's COM has ensured our centre's financial viability, and profitability..

MAINTENANCE AND INFRASTRUCTURE ISSUES

Many of the buildings currently used by community run childcare services are ageing and require infrastructure upgrades to comply with various pieces of legislation; including the Disability Discrimination Act and Occupational Health and Safety Act. The Council currently holds \$5.14m in an infrastructure fund, raised via the infrastructure levy charged to each council-run and community run centre. The table at attachment B outlines the amount contributed by each of these centres over the last five years. In our experience, we have not had great success in accessing funds from this pool to complete capital upgrades. In fact, since 2005 the Council has spent a total of \$118,806 in relation to capital upgrades at the Avenue. We understand this money would have come from the infrastructure fund.

We have obtained information in relation to funds raised via these levies (See attachment A and B) and funds spent on centres in relation to maintenance (attachment C). Having reviewed this information, we are concerned that the allocation of these funds is inequitable. In particular, the Avenue has consistently paid more via the maintenance levy than has been spent on the Centre in relation to maintenance. The amount paid to the Council has been relatively static over the last 10 years at around \$40,000. However, in six of the last 12 years, the Council has spent less than \$20,000 on the Centre for maintenance issues,

with an average of \$26,277.97/yr spent since 2005/6. In the last week we have received an indication from the Council that they will assist the Avenue by funding new storage for our kinder room and fix a boundary fence that has been in need of replacement for a number of years. The COM is very grateful for this financial assistance and it welcomes the Council fixing the fence which has been an ongoing concern for the COM.

In relation to infrastructure upgrades, the Avenue has been liaising with council officers for a number of years regarding essential and urgent upgrades and other required works. Despite this, none of the major capital works have been performed. Consequently, due to ongoing deterioration and failure of the Council to make the necessary investment to conduct the required maintenance, we are now in a position where a significant amount of money is required to be spent on the Centre in order to upgrade it and have it comply with the various legislative requirements.

We understand from the Council that the works required to extend the life of the Avenue building to 10-15 years is between [redacted] and [redacted] [redacted due to confidentiality]. In late 2017, we proposed co-funding the works required with the Council however, because of this Review, this proposal was rejected. The COM would like to again offer to meet with Councillors and/or Council officers to further discuss this co-funding arrangement.

AREAS FOR REFORM

While we are strongly of the view that the Council should maintain involvement in providing a variety of children's services, including supporting childcare via both community run centres and potentially operating council run centres, there are a number of reforms we ask the Council to consider, including:

1. **Removal of the operations subsidy** – it is clearly not sustainable to continue providing in excess of \$1 million a year to ensure the five council-run centres continue to operate. A review should be conducted as to why these centres require significant funding.
2. **Transition council-managed centres to community childcare model** - Consideration should also be given to transitioning the council managed centres to the community-run model as it has clearly been shown to result in better management, higher utilisation and stronger community links.
3. **Allow centres to manage their day-to-day maintenance and remove the maintenance levy** – the current model is highly inefficient and expensive. Further, as we have demonstrated above, the levy is actually revenue raising for the Council in relation to many of the centres, both council-managed and community-run centres. We consider it would be much more efficient and cost effective to abolish the maintenance levy and allow each centre to manage their own maintenance.
4. **Reduce or remove the quality subsidy** – while we applaud the Council for its additional funding in relation to the quality subsidy, the Council should consider reducing or completely removing this subsidy if cost-savings are required. . The COM has determined that for the Avenue, removal of the quality subsidy would not affect its viability.
5. **Utilise the infrastructure levy funds to upgrade viable centres** – it is unclear why the Council has allowed the infrastructure levy fund to build up to such an extent despite requests from a number of centres, including the Avenue, for funding to upgrade their facilities. From our experience, very little money has been spent on the Avenue over the last 13 years, however, we have made a significant contribution to the, now substantial, fund.

6. **Abolish the centralised waiting list** – We consider there are significant efficiencies that could be realised if the centralised waiting list was abolished and each centre was able to run its own waiting list. In our experience, our staff spend a significant amount of time contacting families on the waiting list only to find that they are no longer seeking care. This administration task takes many hours of our senior staff's time; time that could be utilised to greater effect. It would be much more efficient for centre co-ordinators to have their own waiting lists and be in a position to manage these themselves.

CONCLUSION

The COM strongly believes that the CoPP should remain committed to supporting a range of childcare services to the families who reside and work in the area. In particular, we reaffirm to the Council the important and central role that small community run centres have in the local community, with the Avenue a key example of a centre that fosters an inclusive environment for both the children and their families. Further, as a small community run centre, the Avenue has been successful in achieving ongoing financial viability and profitability, allowing funds to be reinvested back into the children and professional development for our staff.

While the Council should continue to support childcare services, we firmly believe that the funding model for community and council-run centres requires significant change. Our key areas for reform are drawn from our conclusion that the existing funding model is unsustainable. In particular, our proposals for childcare centres to be responsible for their day to day maintenance, in addition to managing their own waiting lists will achieve significant efficiencies for both individual centres and the CoPP. Broader reviews of the operation and quality subsidies could also assist identify future cost-savings for the CoPP, while also ensuring that the most viable childcare centres operate at optimal levels with the required upgrades as funded through the infrastructure levy.

Aside from these reforms, we would like the opportunity to discuss again with the CoPP our proposal to jointly upgrade the Avenue through a co-funding arrangement to ensure the completion of numerous and much required capital works.

Thank you for considering our submission and we welcome future discussions with the CoPP on the matters raised.

FUNDS RAISED VIA MAINTENANCE LEVY

Table 1: Council run centres contribution to Council via the maintenance levy

| | Barring Djinang | Bubup Nairm | Clark Street | Coventry | North St Kilda | Total |
|--------------|-------------------|---------------------|----------------------|---------------------|----------------------|-----------------------|
| 2013-2014 | - | \$82,916.00 | \$68,678.00 | \$59,595.00 | \$79,973.00 | \$291,162.00 |
| 2014-2015 | - | \$128,191.00 | \$72,120.00 | \$64,536.00 | \$84,494.00 | \$349,341.00 |
| 2015-2016 | - | \$128,407.00 | \$80,450.00 | \$71,281.00 | \$92,238.00 | \$372,376.00 |
| 2016-2017 | - | \$129,236.00 | \$77,128.00 | \$70,492.00 | \$90,989.00 | \$367,845.00 |
| 2017-2018 | \$ 2,632.00 | \$129,623.00 | \$74,753.00 | \$67,900.00 | \$89,478.00 | \$364,386.00 |
| TOTAL | \$2,632.00 | \$598,373.00 | \$ 373,129.00 | \$333,804.00 | \$ 437,172.00 | \$1,745,110.00 |

Table 2: Community managed centres contribution to Council via the maintenance levy

| | Ada Mary A'Beckett | Bubup Womindjeka | Clarendon | Eildon Road | Elwood | Poets Grove | South Melbourne | The Avenue | Total |
|--------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|----------------------|----------------------|-----------------------|
| 2013-2014 | \$128,919.00 | \$ 15,552.00 | \$25,317.00 | \$ 42,331.00 | \$39,599.00 | \$63,087.00 | \$ 24,293.00 | \$ 45,189.00 | \$384,287.00 |
| 2014-2015 | \$108,244.00 | \$ 35,563.00 | \$24,290.00 | \$ 38,631.00 | \$40,282.00 | \$63,013.00 | \$ 11,712.00 | \$ 45,067.00 | \$366,802.00 |
| 2015-2016 | \$108,149.00 | \$ 133,262.00 | \$19,564.00 | \$ 40,310.00 | \$40,906.00 | \$48,367.00 | \$ 23,883.00 | \$ 44,817.00 | \$459,258.00 |
| 2016-2017 | \$112,777.00 | \$ 140,363.00 | \$25,105.00 | \$ 42,738.00 | \$41,604.00 | \$82,233.00 | \$ 24,811.00 | \$ 46,461.00 | \$516,092.00 |
| 2017-2018 | \$115,861.00 | \$ 151,080.00 | \$25,608.00 | \$ 30,131.00 | \$40,920.00 | \$73,349.00 | \$ 24,112.00 | \$ 48,116.00 | \$509,177.00 |
| TOTAL | \$ 573,950.00 | \$ 475,820.00 | \$ 119,884.00 | \$ 194,141.00 | \$203,311.00 | \$330,049.00 | \$ 108,811.00 | \$ 229,650.00 | \$2,235,616.00 |

INFRASTRUCTURE LEVY RAISED

Table 1: Council run centres contribution to the infrastructure levy

| | Barring Djinang | Bubup Nairm | Clark Street | Coventry | North St Kilda | TOTAL |
|--------------|-----------------|----------------|----------------|----------------|----------------|-----------------------|
| 2013-2014 | | 77,605 | 64,279 | 55,778 | 74,850 | \$272,512.00 |
| 2014-2015 | - | 119,952 | 67,486 | 60,389 | 79,063 | \$326,890.00 |
| 2015-2016 | - | 120,105 | 75,247 | 66,672 | 86,274 | \$348,298.00 |
| 2016-2017 | - | 120,976 | 72,198 | 65,986 | 85,173 | \$344,333.00 |
| 2017-2018 | 2,466 | 121,460 | 70,046 | 63,624 | 83,844 | \$341,440.00 |
| TOTAL | 2,466 | 560,098 | 349,256 | 312,449 | 409,204 | \$1,633,473.00 |

Table 2: Community managed centres contribution to the infrastructure levy²

| | Ada Mary A'Beckett | Bubup Womindjeka | Clarendon | Eildon Road | Elwood | Poets Grove | South Melbourne | The Avenue | Total |
|--------------|--------------------|------------------|----------------|----------------|----------------|----------------|-----------------|----------------|-----------------------|
| 2013-2014 | 23,024 | 14,555 | - | 39,624 | 37,066 | 59,053 | 39,035 | 39,888 | \$252,245.00 |
| 2014-2015 | 123,508 | 71,899 | - | 36,149 | 37,694 | 58,963 | | 42,172 | \$370,385.00 |
| 2015-2016 | 123,950 | 124,652 | 25,428 | 37,702 | 38,261 | 45,242 | | 41,919 | \$437,154.00 |
| 2016-2017 | 128,953 | 131,393 | 46,239 | 39,453 | 38,946 | 76,962 | | 43,492 | \$505,438.00 |
| 2017-2018 | 132,269 | 141,567 | 47,076 | 28,228 | 38,342 | 68,733 | | 45,086 | \$501,301.00 |
| TOTAL | 531,704 | 484,066 | 118,743 | 181,156 | 190,309 | 308,953 | 39,035 | 212,557 | \$2,066,523.00 |

² Note where figures are missing we understand it is due to this information not being able to be collated by Council officers.

Maintenance funds spent by council

Table 1: Council-run centres³

| FY | Bubup Nairm | Clark street | Coventry | North St Kilda | Total |
|-----------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2016-2017 | \$141,885.00 | \$80,824.00 | \$25,643.00 | \$78,008.00 | \$326,360.00 |
| 2017-2018 | \$113,963.00 | \$130,666.00 | \$105,400.00 | \$286,880.00 | \$636,909.00 |
| | \$255,848.00 | \$211,490.00 | \$131,043.00 | \$364,888.00 | \$963,269.00 |

Table 2: Community-run centres

| FY | Ada Mary A'Beckett | Bubup Womindjeka | Clarendon | Eildon Road | Elwood | Poets Grove | South Melbourne | The Avenue | Total |
|-----------|---------------------|---------------------|--------------------|---------------------|--------------------|---------------------|--------------------|--------------------|---------------------|
| 2016-2017 | \$87,115.00 | \$78,478.00 | \$28,852.00 | \$81,464.00 | \$49,729.00 | \$46,077.00 | \$30,120.00 | \$37,604.00 | \$439,439.00 |
| 2017-2018 | \$90,260.00 | \$49,826.00 | \$37,334.00 | \$38,954.00 | \$9,159.00 | \$88,941.00 | \$19,041.00 | \$37,714.00 | \$371,229.00 |
| | \$177,375.00 | \$128,304.00 | \$66,186.00 | \$120,418.00 | \$58,888.00 | \$135,018.00 | \$49,161.00 | \$75,318.00 | \$810,668.00 |

³ Note Barring Djinang is not listed as we understand it has only recently opened.