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Response to the NSW Department of Planning

Draft Education and Child Care SEPP

April 2017

Community Connections Solutions Australia (CCSA)

About CCSA

CCSA is a peak body with a vision for sustainable and valued early childhood education and care (ECEC). CCSA partners with and advocates for ECEC services to ensure positive outcomes for children and communities. We achieve this by providing leadership and operational support using our expertise in meeting the governance, management, training, business and workplace relations needs of early childhood education and care settings.

CCSA has been operating for more than 45 years, supporting both commercial and not-for-profit ECEC services with governance, management and administration, compliance, sustainability and effective workplace relations. We deliver training, support and consultation that builds service capability, presenting many forums, workshops and individual consultations to ECEC services across NSW. This is complemented by providing training to individual services across the operational areas of organisational business development, financial management and leadership integrated with professional ECEC practice.

CCSA has been contracted by both state and federal governments to provide support to individual organisations and the sector. CCSA develops strategies and practices that leave a legacy for the future health of each organisation it supports and the sector.

CCSA -

- supports all private-for-profit and not-for-profit providers in the sector including boards and committees, individual owners, centre directors/coordinators/managers, administrators and educators.
- receives continuous feedback regarding service issues through its 1800 telephone support line and consultations, providing up to date information regarding service issues as well as being able to track change and its effect.
- has represented the sector industrially in both the state (NSW Industrial Relations Commission) and federal jurisdictions (Fair Work Commission) through submissions and providing evidence and information. We are currently involved with the FWC with the review of modern awards that apply to the sector. CCSA is the only un-aligned organisation (neither union or employer group) present and accepted by the commission for these hearings.
- contributes at a policy level in the sector through state and federal reference groups regarding legislation and regulation, policy, funding, quality and sustainability.
- is a member of the NSW Health & Community Services Industry and Advisory Board advisory group (ITAB)

CCSA also –

- is an approved provider of teacher training for the NSW Education Standards Authority (NESA)
- provides one to one support to ECEC services through our suite of consultancy services focused on building healthy and capable organisations and professionals. Consultancies undertaken involve working directly with-
 - boards and committees,
 - owners,
 - directors (on-site managers),
 - administration staff and

- educators/practitioners

We have a strong knowledge of the issues faced by children's services in metropolitan, rural and remote areas, from regular contact through our 'infoline'. CCSA has worked with very small services through to large-scale multi-site services. Currently CCSA has over 550 for-profit and not-for-profit members across NSW which include –

- Long day care
- Preschool
- Mobiles
- Outside School Hours
- Family Day Care
- Occasional Care
- Multi-purpose
- Early Intervention
- Recruitment agency

CCSA also plays a leadership and advocacy role at a state and national level in order to -

- advocate for high quality and affordable early childhood education and care services
- assist government develop and implement effective policy and understand sector needs
- increase community awareness about the value of quality ECEC experiences and qualified early childhood professionals
- promote effective workplaces and excellence in service delivery being a key support for sustainable organisations and better outcomes for children.

CCSA is well placed to comment on the current and future needs of the sector as an organisation that supports both employers and educators in children's services, and through continuous engagement with both sides of the employment relationship and service delivery issues. The broad member base of service delivery types and governance structures provides an accurate sector view.

CCSA's staff and board have relevant professional qualifications and many years experience in business management, governance and policy positions within the ECEC sector in large, small and diverse organisations. Individual CCSA staff are also involved in teacher education at university level.

CCSA acknowledges the continued valuable contribution of its members to inform its submission, and makes this contribution to support the department's dual goal of addressing both availability of child care and education infrastructure and high quality educational environments.

Introduction

CCSA commends the intention of the NSW Government through its Department of Planning to improve planning for early childhood services in NSW. In this submission CCSA limits its contribution to this consultation to the early childhood area of the proposed policy where it has significant expertise. Almost fifty years of supporting the sector enables us to contribute reliable information and a deep understanding of the sector. CCSA draws on the experiences

of its 550+ members and the expertise of its staff who are deeply engaged with the delivery and operation of a range of early childhood and OOSH services.

Over many years and in many forums CCSA has identified the need for better planning to address a number of issues regularly experienced in the sector. We also commend the proposal to align planning with the requirements of the National Quality Framework (NQF) the purpose of which is to provide consistent minimum standards for children in Australia while aspiring to improve quality. The NQF responds to Australia's lower results in comparison to equivalent countries in the OECD (Start Strong report). However, CCSA notes that the national law and regulation provides for minimum standards alone and other factors in the sector impact on quality, and good planning needs to respond to these factors that are beyond the control of the NQF but within the scope of planners.

Whilst CCSA agrees with many of the proposed changes there is concern in regard to unintended consequences. CCSA is aware that for many years there have been areas where demand is already met or there is oversupply, leading to vacancies and pressure on sustainability. Additionally, there is a current concern by providers that there is no impediment to new children's services being approved and developed giving rise to future risks to viability. The experience of the the imminent closure of ABC centres in 2008 and the requirement of government to step in to prevent this shows the significant social impact the closure of centres can have on families and communities. It is a salient reminder of the importance of effective planning based on a sound understanding of the early childhood sector.

General

CCSA agrees with the many of the changes in the draft SEPP and commends the work of departmental officers. The following comments are in relation to areas CCSA believes adjustments can be made that will improve the overall operation and therefore impact of the policy.

In particular CCSA is pleased with the inclusion of good design principles and recommendations. However, we would like to see it strengthened by requiring Part 3 to be met rather than simply considered. A quality environment provided by effective design is a contributor to both a successful business and quality outcomes for children.

Aligning approvals with the NQF regulations provides a sensible and reliable connection to minimum requirements. However, this is the base level compliance and will not drive better quality. Reference to the outcomes or results from the quality assurance system indicate that many centres are still not meeting minimum quality standards but are generally compliant with licensing requirements.

The removal of DA requirements for minor works and upgrades is positive, as is the relaxing of requirements for relocation due to extenuating circumstances.

The closing time of current child care centres and OSH services can be later than 6pm.

Recommendation 1

The policy permit operating hours be extended to 7pm.

The early childhood ‘market’

The Australian sector is recognised as a competitive market system including large stock exchange listed companies occupying “a significant place” in the sector (OECD Start Strong II, 2006). However, many operate as independent small businesses. The Australian Children’s Education and Care Quality Authority’s (ACECQA) data indicates 83% of services are stand-alone services that, defined by ACECQA are approved providers operating **only one** children’s education and care service (December, 2016). Whilst a significant percentage of the market, these small businesses are vulnerable to large corporate players in relation to competitive advantage in a free market, even though they may provide a quality service.

ACECQA’s most recent snapshot (Figure 1) shows that private-for-profit centre-based services have a much larger proportion of services rated at the lowest rating of ‘Working Towards the NQS’, indicating that as yet, they do not meet the minimum standard of “Meeting the NQS”. As quality is a dual goal of the proposed planning changes, it is important that any planning amendments are a driver to improve this outcome as well as meeting the demand needs in areas where this occurs. With not-for-profit services having the largest number at the “Exceeding” rating it is also important that this is not disrupted by any change to planning and approval arrangements.

Figure 10: Proportion of approved services with a quality rating by provider management type and overall quality rating level¹

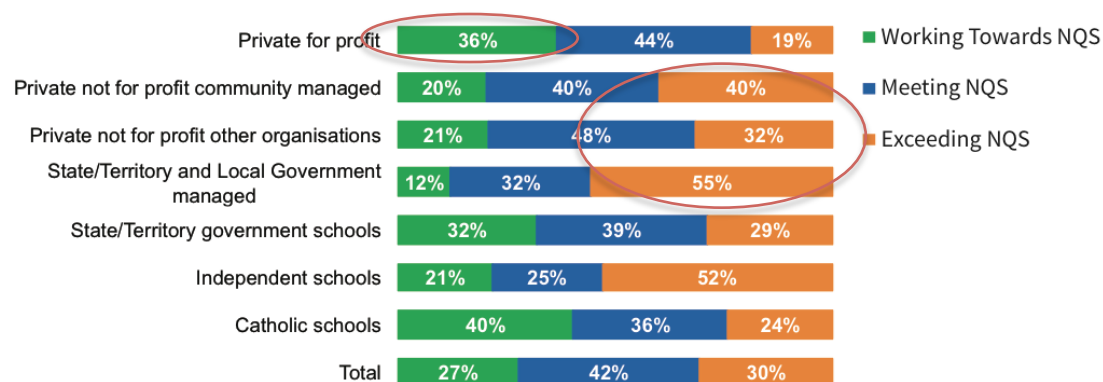


Figure 1: ACECQA NQF Snapshot, December 2016

The ACECQA results show that unfettered competition in a market does not necessarily lead to quality. This is particularly the case when the market is highly regulated as in the case of the early childhood sector. This reduces the number of normal economic levers available in a market. An example is that an early childhood service provider cannot increase *production* as licensed numbers are fixed by regulation. Nor can they reduce staffing below minimum numbers or the qualifications requirements mandated by regulation. As a result, competing on price is the most common response to significant competition in a market of consumers that, for the most part, are not armed with the relevant knowledge to make an informed choice in this regard.

Unfortunately families are, as yet, not best placed to make judgments on quality. Australia’s National Early Childhood Development Strategy (2009), the foundation for the NQF, indicates there needs to be an “increased public awareness about the importance of the early years and a culture which values young children” (p17). This position is supported by the recent work of the Frameworks Institute as evident in its 2013 report ‘Modernity, Morals and More Information’. The work mapped the gap between expert and public understanding of early

childhood development in Australia. A key finding was that parents see childcare as “a place to put children where they will be safe” while they work. So while the proposed dual goals of the SEPP are to increase availability *and* improve quality, it is only availability that is the focus of most families, albeit through ignorance rather than intention. So in this case, responsibility rests with planners to ensure that improved quality is also an outcome in any proposed changes to approval processes.

Availability

There are recognised areas of high demand for childcare places, particularly in and around the city of Sydney and major metropolitan centres. These are also areas where land prices and rents are high making the setting up or development of new centres prohibitive. Demand has also been significant in newly developed residential areas. Unfortunately there has been an absence of effective forward planning, identifying suitable locations for child care centres as part of the development process. This has meant child care providers have not found it easy to find sites that would necessarily be the best fit for children or the local community. This gives rise to dissatisfaction in communities and built environments that meet minimum requirements rather than reflect good spaces for children. The development of the guideline is a very positive change to influence better results. It is unfortunate that much of it is advisory and not a requirement and could be strengthened in this regard.

There are also areas of oversupply in locations where the cost to develop or set up a service has been less, usually where the cost of land is much lower such as outer metropolitan areas. In some of these areas this has led to oversupply, where new entrants in the market have not always integrated this more reasonable cost to develop a service with an effective assessment of current and/or future demand. This is not a new occurrence and in some areas has led to local government placing proximity restrictions on new applications to prevent oversupply.

It is important to recognise an economic rationalist approach of ‘letting the market decide’ is not a good fit with quality service provision for children and families when the impact is the reduction of operating margins. This commonly results in the reduction in operating costs that has a direct impact on service quality. CCSA regularly fields calls for assistance from members that include sustainability as either an identified or contributing issue. It is not unusual for the catalyst to be another centre or centres opening in their vicinity with no discernable demand evidenced by demographic data.

In areas where local government is a provider, the local planning policy has sometimes been characterised as ‘defending their own turf’ and a strategy to limit competition. It can just as easily be characterized as effective policy that responds to demographic data in relation to demand. CCSA’s position is again informed by the experience of its members, both not-for-profit and private-for-profit, who have voiced their concerns regarding the lack of a planning policy that limits the development of new services where there is no identified demand. In the recent past, it has only been local government that has been able to develop and apply a policy that responds to the oversupply issue where that exists.

The new policy needs to be able to respond to these situations to enable the targeting of areas of demand and not contribute to oversupply. CCSA recognises that the demand/supply balance is not fixed or static and will need to change as demographics change in particular

areas or locations, and an effective policy needs the flexibility to be able to respond appropriately.

Unfettered competition can also have implications for smaller providers such as stand-alone services where the provider operates a single service. They can be affected by the competitive advantage of a larger provider that might choose to enter an area and aggressively seek to gain enrolments from existing providers in that location, particularly if demand is low and there is competition for the same children. Reflecting on the ACECQA rating results in regard to the likely quality rating, if the larger provider is successful, and perhaps through a strategy of initially lower fees to gain a better market position, families moving children to that centre may be moving them from a well rated centre to one of lesser quality. Where an existing centre is purchased, if privately owned, it does not trigger the demand/supply issue.

A consideration in regard to availability is the type of service that might be developed or set-up. Supply and demand also has to consider the type of service. For example, where demand for centre-based care long day care might be met, there may still be demand for other service types.

Recommendation 2

The planning policy require any future applications for approval to demonstrate through providing current, reliable data that there is demand for the type of service for which approval is sought. The department explore other appropriate means to ensure there is sufficient demand for additional places as part of the approval process.

Proximity

The issue of proximity is directly related to the demand/supply needs of the area. It is complicated by the needs of families where some prefer a location near to work and others near to home. A look at enrolment records of many services reveals most families prefer the latter but this data also is influenced by availability, particularly for families with children under two years where fewer places are available. Families will travel to get any place if it enables them to work.

The close proximity of a new child care centre in areas of high demand such as the city and major regional centres is less of an issue if at all. As outlined earlier, areas of low demand exist currently and close proximity is likely to affect quality for children. The current policy appears to preference the issue of high demand without adequately addressing circumstances where supply is currently met, or will be met in the future. It needs to do both, and have the flexibility to respond to future demand/supply circumstances to meet the dual goal of availability and quality.

Recommendation 3

The planning policy prevent the location of child care centres within close proximity of each other, in low demand, low density and regional areas.

Amenity

It is reasonable for families in residential areas to assume there is some certainty in regard to the amenity of the area in which they live. This is mainly in regard to low density areas where

increased traffic movements that result have significant impact, which would particularly be the case from centres with high licensed numbers.

More suitable areas for the siting of child care centres are those zoned as high density living or accessible from main traffic corridors and public transport. However, approvals should ensure that locations do not place children at risk, particularly through vehicular accidents.

Recommendation 4

The policy should require new services to be easily accessible from main traffic corridors, public transport or be located in higher density areas. Approval of licensed numbers should be in keeping with the location, with sensible limits in residential areas such as a maximum of 90 places.

Sites should not place children at risk from vehicular accidents or other circumstances.

Conclusion

CCSA thanks the department for the opportunity to contribute to the policy. The dual issues of availability and quality for children and families are important and both can be delivered. CCSA commends to the department the adjustments recommended in this response to strike the right balance and ensure that children are a primary consideration in this policy.