

ITEM 4. SUPPLY OF CHILD CARE AND OUT OF SCHOOL HOURS CARE**FILE NO: S116523****SUMMARY**

A 2013 analysis of supply and demand for childcare services in the City of Sydney Local Government Area (LGA) found an undersupply of 3,100 places. Supply and demand for both child care and out of school hours care varies across the LGA, influenced by a range of factors such as population growth, location of schools, changes in employment and in the property market.

By 2018, the City will own and either operate or lease 25 childcare facilities and seven out of school hours care facilities.

Childcare

The NSW Auditor-General has recently released a report into Early Childhood Education which is primarily the responsibility of State and Commonwealth Governments. The Auditor-General report made a number of recommendations for improvement, noting childcare fees are relatively expensive in NSW and targeting of early childhood education funding in NSW could be better focussed, particularly in assisting disadvantaged children to access services.

Whilst child care is primarily the responsibility of the Federal and State Government, the City has used a combination of direct investment, revised planning controls, advocacy and partnerships to increase the supply of childcare places in the LGA.

The City has successfully facilitated new private sector childcare supply through its planning processes and the Childcare Development Control Plan. From June 2013 – December 2015, 1,502 new childcare places have been created, with an overall net gain of 967 new places. At December 2015, there were 1,855 potential places with development consent from the City which were not yet operational, and a further 396 places with development applications lodged but not yet approved.

Overall, there is a potential increase of 3,218 childcare places from private sector operators which would be sufficient to fill the supply gap identified in the 2013 analysis.

In addition, the City has influenced the supply of a childcare centre at Darling Exchange in Haymarket through a Lendlease development, which is not yet included in the development application figures.

In 2012, the City allocated up to \$55 million over 10 years in the long term financial plan to enable the construction of new childcare centres. This allocation has since been revised up slightly to \$56.1M. The City is currently constructing four childcare centres in Bourke Street, Darlinghurst, Huntley Street, Alexandria, The Crescent, Annandale and at the former South Sydney Hospital site in Green Square. These centres will create 294 new childcare places.

The City has engaged a not-for-profit operator for the three centres that are scheduled for completion in 2016. The operator will be required to provide a program that supports families experiencing disadvantage, including reduced rate fees to low income families. The Green Square facility is due for completion in 2017.

In relation to the proposed childcare centre at Sydney Park, the contractor has not been able to secure development approval due to the identification of a number of site constraints.

The site of the proposed childcare centre incorporates both natural ground and landfill. To ensure the stability of any building constructed on the site, a building over the landfill excavation would need to be “piered” to the natural ground level, which would require the puncturing of the landfill capping layer.

Puncturing of the landfill capping layer will increase the risk of landfill gas intrusion to the childcare centre. Therefore, it is not feasible to proceed with construction of a childcare centre on this site.

Council has previously identified Sydney Park as a suitable location for a skating facility that would complement the park’s other facilities. The site originally considered for the childcare centre will instead be considered for a skate park. As it is an open air facility, the site’s use as a skate park is viable within the existing site conditions. A brief for the facility will be prepared incorporating specialist advice and in consultation with the community.

In order to compensate for the loss of the Sydney Park site, City staff are investigating opportunities for child care as part of, or adjacent to, the development of the Ashmore Estate.

Out of School Hours Care

In December 2015, there were 30 services and 1,991 approved places across the LGA. A study of supply and demand for out of school hours care places has identified underutilisation in some services across the LGA.

The NSW Department of Education’s Community Use of School Facilities Policy recognises that schools are valuable community assets which should be available for community use when not required for school purposes, including for out of school hours care and vacation care.

While out of school hours care is not a core local government function, the City currently operates six out of school hours care services, including three free services for low income families. These services have available capacity with up to 96 places per day unused (on average).

The study also recommended that future planning of out of school hours care should ensure on-site service provision for any proposed new schools. It identified that there will be an increasing demand in the long term with an estimated 2,319 places required by 2036. The City will continue to work with local schools to plan for future demand, particularly in the city’s inner west suburbs. This will include investigation of a multipurpose community facility incorporating a 50–60 place out of school hours care service at the Joseph Sargeant Community Centre to meet anticipated demand in the Erskineville area in the medium–long term. An initial estimate of the cost is in the region of \$3.5 million, however this is to be tested through the feasibility analysis.

RECOMMENDATION

It is resolved that Council:

- (A) note that there has been a net increase of 967 childcare places in the two years since the June 2013 Child Care Needs Analysis was completed;
- (B) note that a further 1,855 places have development consent but have not yet been built and a further 396 places have been lodged for development consent, which represents an overall potential total of 3,218 places since June 2013;
- (C) note that the contractor has not been able to secure a development approval for the proposed childcare centre for Sydney Park due to site conditions, and as a result it will not be feasible to provide a childcare centre on this site;
- (D) request the Chief Executive Officer (CEO) to make the provision of child care a priority in or near the Ashmore Estate through the planning and development process;
- (E) request the CEO to investigate the use of Joseph Sargeant Community Centre in Erskineville to be adapted for use as an out of school hours care service, along with continued community use;
- (F) note that the cost for the redevelopment of the Joseph Sargeant Community Centre will be sourced from the up to \$56.1 million provided for child care in the long term financial plan; and
- (G) note that design and consultation will shortly commence on the skate facility at Sydney Park and a scope report will be brought to Council for approval of the project design later this year.

ATTACHMENTS

Nil.

BACKGROUND

1. In June 2013, the City commissioned an update to the Child Care Needs Analysis, which identified that there were 4,501 childcare places operating. The 2013 report identified a shortfall of 3,100 childcare places that was projected to increase to close to 6,000 places by 2031, should supply remain the same.
2. Supply and demand for both child care and out of school hours care can be variable over time and across locations. Within the City LGA, pockets of high and low demand exist for different service types. These are dependent on a range of factors including population growth, location and growth of schools, changes in the number of workers in the city, changing trends in families (for example increasing numbers of families choosing inner city living), changes in the property market and changes in state and federal policy and regulation.
3. The recently released NSW Auditor-General's report into Early Childhood Education outlines that State and Commonwealth Governments are responsible for child care and early childhood education, with State Governments primarily responsible for early childhood education (the year before school), and the Commonwealth responsible for supporting child care through subsidies and rebates to families.
4. The Auditor-General's report notes a number of concerns with NSW Early Childhood Education including:
 - (a) funding for education in long day care is limited and not targeted to disadvantaged children;
 - (b) the cost of government preschools is relatively high and they are not always located where most needed; and
 - (c) fees for families in NSW are higher and the NSW Government's contribution per-child lower than in most other states and territories.
5. The Auditor-General review recommends a more targeted approach that would see higher levels of funding provided for those most disadvantaged.
6. Since 2013, the City has committed to addressing unmet demand for these services through:
 - (a) encouraging the supply of child care through City investment, planning controls, advocacy and partnerships;
 - (b) implementing strategies to improve access to child care for disadvantaged families;
 - (c) reviewing the Sydney Development Control Plan 2012 in relation to child care; and
 - (d) regularly monitoring current and potential supply of childcare places.

7. In 2012, Council endorsed the development of six new childcare centres, and allocated up to \$55 million in the City's long term financial plan up to 2022 to enable their construction. This figure has since been revised up to \$56.1M. Four childcare centres that will offer 294 places are under construction and due to commence operations within the next year. Details of facilities under construction as well as current and planned expenditure are provided in Tables 1 and 2 below. Costs vary from site to site due to site constraints and requirements relating to residential areas and heritage requirements.

Table 1: Childcare centres under construction

Childcare Centres under construction				
Centre 1	Bourke Street Children's Centre	60 place	277 Bourke Street, Darlinghurst	Anticipated to complete construction – mid 2016
Centre 2	Huntley Street Early Education Centre	80 place	4G Huntley Street, Alexandria	Anticipated to complete construction – mid 2016
Centre 3	The Crescent Early Education Centre	80 place	5-9 The Crescent, Annandale	Anticipated to complete construction – mid 2016
Centre 4	South Sydney Hospital Site Child Care	74 place	Joynton Avenue, Zetland	Anticipated to complete construction – October 2016
Total Places		294 places		

Table 2: Current and Planned Expenditure on increased childcare supply

Childcare Centre	Childcare Places	Village Centre	Proposed Budget	Budget Allocation by Year
Bourke Street, Darlinghurst Opening early 2016	60 place	Oxford Street	\$15.1M	Prior year actual – \$7.5M 2015/2016 - \$7.1M 2016/2017 - \$0.5M
South Sydney Hospital Site, Green Square Opening early 2017	74 place	Green Square and City South	\$9.1M	Prior year actual - \$0.9M 2015/2016 - \$3.8M 2016/2017 - \$3.3M 2017/2018 - \$1.1M
Crescent Lands, Annandale Opening early 2016	80 place	Glebe Point Road	\$5.0M	Prior Year actual \$0.4M 2015/2016 - \$3.7M 2016/2017 - \$0.5M 2017/2018 - \$0.4M
Huntley Street, Alexandria Opening early 2016	80 place	Green Square and City South	\$4.9M	Prior year actual \$0.4M 2015/2016 - \$3.9M 2016/2017 - \$0.3M 2017/2018 - \$0.3M

Childcare Centre	Childcare Places	Village Centre	Proposed Budget	Budget Allocation by Year
New Child Care including Joseph Sargeant OSHC, Ashmore area child care, and other priority areas. *	To be determined		\$22.0M	Prior year actuals - \$0.0M 2015/2016 - \$0.2M 2016/2017 - \$1.0M 2017/2018 - \$5.1M 2018/2019 - \$15.7M
Total places	294+	Total budget	\$56.1M	

*An amount was set aside as a contribution to a childcare centre in the development of a school on the City's depot site at Fig and Wattle Streets. However, the Department of Education has determined that a school will not be built on this site.

8. The City has conducted an Expression of Interest for leasing childcare premises and has selected an operator for the first three centres (Bourke Street, Huntley Street, The Crescent). As a condition of their lease, the operator will be required to provide a program that engages and supports families experiencing disadvantage, including reduced rate daily fees to low income families.
9. Facilitation of supply through the planning process has resulted in an additional 1,855 potential places through approved development applications and 396 places through development applications lodged but not yet approved (at December 2015). This includes places created through the sale of property in Dunning Avenue, and Voluntary Planning Agreements. In addition, the City has negotiated a childcare centre in a Lendlease development at Darling Quarter in Haymarket, for which a development application is yet to be submitted.
10. In combination, these efforts have resulted in a net gain of 967 new operational places in the two years to June 2015 (from the June 2013 baseline) and an overall, potential increase of 3,218 places.
11. The City also supports delivery of child care through its own operation of four centres offering 160 approved places, and through 17 leased properties and commercial arrangements that deliver 795 approved places. This includes over \$1.1 million per annum in revenue foregone through subsidised rental arrangements.
12. An updated Development Control Plan and Guidelines for childcare centres are being finalised prior to seeking approval for public exhibition. The documents are being updated to include safety and emergency requirements that support the evacuation of children in various building types, with a view to enabling child care to be provided in a wider range of building types.
13. In relation to the proposed childcare centre at Sydney Park, the contractor has not been able to secure a development approval due to site conditions. The site spanned an area of both natural ground and landfill. For stability, the building would need to be "piered" to the natural ground, puncturing the existing capping layer over the landfill. This would present a risk of landfill gas intrusion to the childcare centre. Therefore, it is not feasible to proceed with a childcare centre on this site.

14. Council has previously identified Sydney Park as a suitable location for a skating facility that would complement the park's other facilities, including the cycling centre and children's bike track, to create a vibrant activity precinct focused on children and youth. As an open air facility, the site's use as a skate park is viable within the existing site conditions. The facility can take advantage of the new landscaped picnic areas, new barbecues, covered gymkhana as well as public toilets, which are currently in design.
15. Locating the skate facility at the northern edge of the park will ensure it has good visibility from the street, and is close to existing parking as well as main pedestrian and cycling links, train and bus services. This location will not impact the large tracts of unstructured green parkland that are part of Sydney Park's character and amenity.
16. The precinct can cater for a good sized facility of approximately 1,500 square metres, which would make it the City's largest. Background investigations to date suggest a facility geared towards younger skaters and family participation, with a component of the facility offering opportunity for more advanced skaters and BMX use. A brief for the facility will be prepared incorporating specialist advice and in consultation with the community.
17. In order to compensate for the loss of the Sydney Park site, City staff are investigating opportunities for child care as part of, or adjacent to, the development of the Ashmore Estate.

Out of School Hours Care

18. The City has also commissioned an updated analysis of supply and demand of out of school hours care services across the LGA.
19. At the time of the study (late 2014), 1,513 children were enrolled in 28 out of school hours care services, with 80 per cent (1,206 children) attending fee-paying services and 20 per cent (307 children) attending six free services. Places available in 2014 were the equivalent of:
 - (a) After School Care – 1 place per 4 children;
 - (b) Vacation Care – 1 place per 6 children; and
 - (c) Before School Care – 1 place per 10 children.
20. The report identified that population growth over the next 20 years will result in increased demand for out of school hours care, with an estimated 2,319 places required by 2036 to maintain the current rates of supply. As at December 2015, there were 30 out of school hours care services operating in the LGA, providing a total of 1,991 approved places.
21. The report identified that while demand will increase in the future, there was underutilisation of services in locations across the LGA. The report also noted that planning of out of school hours care should ensure on-site service provision, particularly for any proposed new schools.

22. The NSW Department of Education's Community Use of School Facilities Policy encourages school principals to identify the needs of its community users by consulting with families and stakeholders. The policy recognises that schools are valuable community assets which should be available for community use when not required for school purposes, including for out of school hours care and vacation care. The policy encourages principals to ensure that services and programs offered in school facilities are mutually beneficial to the school as well as the community.
23. Supply has generally been provided by the private and not-for-profit sector through general market supply and through arrangements with individual schools. While out of school hours care is not a core local government function, the City currently operates six out of school hours care services that provide after school and vacation care programs with a total of 270 approved places. Three of these services are free and are available only to low income and disadvantaged families that meet the City's access guidelines. In 2014, this equated to 19 per cent of after school care places and 24 per cent of vacation care places across the LGA. These services have available capacity with up to 96 places per day unused (on average).
24. The City also provides grant funding to Centipede, a not-for profit service provider based in Glebe, and community space to a not-for-profit provider in Woolloomooloo. The City also works with local partners to deliver after school recreational activities for 'middle years' children from 9–12 years in Glebe.
25. In recent months, unmet demand for out of school hours care has been increasingly reported in the LGA's inner west suburbs. However, the City has no current requests to increase supply and has been advised that current arrangements are now considered to be adequate in the Erskineville area. The City will continue work with local schools in the area to investigate medium–long term options to meet future demand, through local facilities, including the City's own community centres.
26. The City will investigate the need for a new multipurpose community facility at the Joseph Sargeant Centre in Erskineville with potential to include a 50 place out of school hours care service.

KEY IMPLICATIONS

Strategic Alignment – Sustainable Sydney 2030

27. *Sustainable Sydney 2030* is a vision for the sustainable development of the city to 2030 and beyond. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. This proposal is aligned with the following strategic directions and objectives:

- (a) Direction 6 - Vibrant Local Communities and Economies – the provision of child care and out of school hours care facilities ensures that families have access to facilities that meet their care requirements to participate in the workforce, study or accommodate social needs of children in minority groups.

Social / Cultural / Community

28. Increasing supply to meet the demand in child care and out of school hours care will ensure that residents and workers have the opportunity to participate in the workforce, take up further study or access other support services as required.

BUDGET IMPLICATIONS

29. Council has made provision of up to \$56.1 million over 10 years for the provision of six childcare centres. A proportion of these funds will be used to upgrade the Joseph Sargeant Community Centre to provide for out of school hours care.

RELEVANT LEGISLATION

30. Education and Care Services National Law 2011 (as adopted through the Children (Education and Care Services) National Law (NSW)).

CRITICAL DATES / TIME FRAMES

31. Once construction of the centres is completed, operators require time to lodge service approvals with the Australian Children's Education and Care Authority that will be assessed by the Early Childhood Education and Care Directorate. The Directorate can take up to 90 days to assess a service approval. Service approvals can be lodged with an Interim Occupation Certificate to expedite the process.

PUBLIC CONSULTATION

32. The City has undertaken studies on child care and out of school hours care services, which included interviews with operators.

ANN HOBAN

Director City Life

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