

# Early Childhood Sector Investment

Equitable access and infrastructure  
to advance every child's future

## Recommendations



Provide commensurate funding and resources to respond to recent early childhood reforms which place financial pressure and additional burden on high growth Councils.

Acknowledge and address inequities created for families accessing kindergarten programs.

## Early Years Challenges



Baw Baw Shire Council is the largest of Victoria's rapidly growing peri-urban municipalities. We want to ensure our flourishing population have access to the services and infrastructure they need to lead healthy and thriving lives.

We know quality early years education is proven to provide children the foundation for educational achievement, productivity, responsible citizenship, good health and, community connection. This is particularly true of vulnerable children.

Council recognises the significant value of the Best Start Best Life reforms for children and families but faces challenges and uncertainty in guaranteeing the success of the reforms due to:

- disproportionate growth in 0-4 year old cohort
- the financial burden placed on councils compounded by the escalating cost of infrastructure
- low uptake, and a decline in capacity, of funded kindergarten within integrated day care settings in our shire
- family needs and preferences not being considered under current approach
- licensing capacity pressures
- flawed planning due to departmental reliance on statistical area (SA2) data
- the reduction in available grant funding via Growing Suburbs Fund



51.5 % Population Growth by 2041<sup>1</sup>



68% increase in 3-4 year olds living in Baw Baw Shire by 2036<sup>2</sup>



3.5 % rate cap limiting revenue



For every \$1 invested in early childhood education, Australia receives \$2 back over a child's life<sup>3</sup>

## Disproportionate Growth



Baw Baw Shire is attracting large numbers of young families. Our overall forecast population growth is significant with an expected increase of 51.5% by 2041.

Council has commissioned a draft report which verifies upcoming demand on early years services. The report identifies the following growth projections for the 0-4 year age bracket between the years 2021-2041:

- Warragul : 80.2% growth
- Drouin: 80.1% growth
- Yarragon/Nilma/Darnum: 104.8% growth
- Baw Baw Shire: 67% growth<sup>2</sup>

This exceptionally high growth in the early years age bracket compounds Council's challenge in keeping pace with the services and infrastructure our community needs.

## Financial Burden



### Our Concerns

With revenue constrained by a comparatively small rates base, coupled with rate capping and current high inflation, Council is faced with a difficult environment to balance investments needed for crucial early childhood infrastructure with our broader Council priorities.

While the Building Blocks Partnerships program will assist local government with funding for new kindergarten construction and some upgrades, Council is asking for greater clarity and commitment regarding:

- replacement and renewal of aging facilities
- escalating cost to council of maintaining aging state owned Kindergarten on School Sites (KOSS) buildings which cannot be depreciated.

### The Risk

The current funding provided by the State Government is not anticipated to cover the full cost of the infrastructure required to meet reforms, leaving a shortfall that is expected to be covered by Council.

### Our Ask

In order to successfully deliver transformative Best Start Best Life reforms without significant cost to rate payers, Council is seeking:

- New and extended funding streams specifically to support councils to deliver on reforms and recurrent funding for the life of the reform
- Funding for total replacement of existing kindergarten/preschool facilities at end of life to maintain supply
- Increased Central Registration and Enrolment Scheme funding commensurate with actual costs.
- Department of Education to cover capital maintenance costs for Kindergartens on Schools Sites
- New funding to address Disability Discrimination Act facility upgrades and Child Safe Standards

## Pre-Prep Rollout



### Our Concerns

Baw Baw Shire Council stands for equity of access and affordability for families, whether they are attending sessional kindergarten or integrated kindergarten long day care services

Council is concerned that due to the complexity of funding, and the eligibility requirements of the staged roll out, local sessional kindergartens in Baw Baw Shire may not viably be able to meet the increase to 16 hours of Pre-Prep for vulnerable and Aboriginal children from 2026.

As it stands, sessional kindergartens are unable to offer 16 hours in a format that maintains high quality outcomes for all children. Council questions where vulnerable children will access the additional hours they will be eligible for in the meantime?

Although childcare centres are expected to cater for these families, forcing families into a user subsidised system raises issues of equity.

## The Risk

The gap between funded hours and the daily rate in an integrated long day care facility could see families out of pocket by \$48.60 per child per day<sup>4</sup>.

Baw Baw Shire Council is concerned at the possible inequity that will result from relying on long day care providers to meet demand. If families cannot afford the gap, they may simply not enrol their children in pre-prep.

### Our Ask

Baw Baw Shire Council is requesting clarity from the Victorian Government regarding the implementation of the early roll-out and the implications it will have on access to sessional kindergarten for eligible vulnerable children.

## Long Day Care Capacity

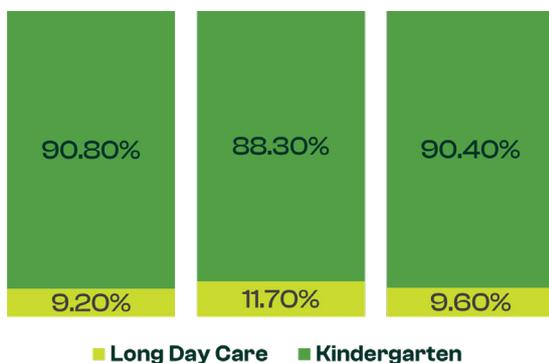


### Our Concerns

The success of the early years reforms is largely dependent on the integrated kindergarten long day care sector increasing capacity and enrolments.

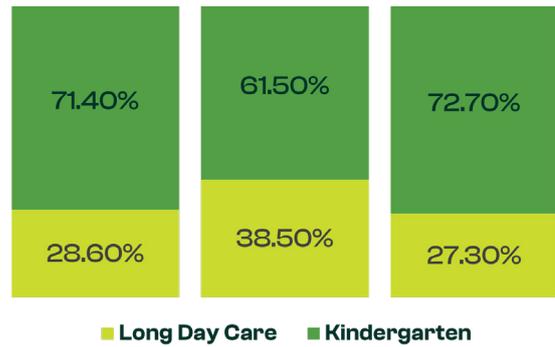
To date, the uptake of funded kindergarten in an integrated long day care setting in Baw Baw Shire is very low (see Figure 1)

**Figure 1:**  
**Enrolment Share by Service Type**<sup>5</sup>



The overall capacity for funded kindergarten has declined in Baw Baw Shire since 2020 (see figure 2) and is not aligned with the Department of Education's predicted modeling based on 50%.

**Figure 2:**  
**Service Share by Service Type**<sup>5</sup>



## The Risk

If counter measures are not taken by the State Government to increase capacity there is a high risk that Baw Baw Shire will experience significant unmet demand and some children will miss out on attending a funded pre-prep program.

### Our Ask

Baw Baw Shire Council asks that the Victorian Government and Department of Education acknowledge the lag in capacity and outline specific strategies to expand current funded kindergarten in an integrated setting to ensure demand can be met in Baw Baw Shire as reforms are rolled out.

## Family Preference



### Our Concerns

A recent Baw Baw Shire family survey confirmed 81.8% of survey respondents prefer to access kindergarten through a standalone kindergarten service, or one located on a primary school site.<sup>6</sup> Cost and quality are the major factors for this preference.

Despite the known community preference for standalone services the reforms will drive the expansion of kindergarten in the long day care sector.

In this scenario families who cannot secure a place in their preferred service may still pay to access kindergarten despite Commonwealth childcare subsidies.

## The Risk

Participation in kindergarten via long day care may be cost prohibitive, disadvantaging members of the Baw Baw community who face income pressure.

## Our Ask

Baw Baw Shire Council is seeking a response addressing family preference, and clarity on how the government will ensure cost equity between integrated and sessional kindergarten.

## Our Ask

Council is seeking:

- a review to the 0.9% adjustment acknowledging that full capacity is not always achievable when prioritising high quality programs
- KISP estimates for outlining supply be adjusted accordingly
- a response to the Mitchell Report recommendations regarding limiting group sizes, particularly for 3-year-olds

## Licence Capacity



There is an expectation by the Department of Education that kindergartens operate at full license capacity as determined by Kindergarten Infrastructure Services Plans (KISP).

Maximising licenced places is not clear-cut as Council is not the Approved Provider. Local early years providers have been somewhat hesitant to operate at full capacity, citing concerns about group sizes compromising service quality and impacting workforce retention.

It is important that smaller group sizes are accepted for a period of time as the sector welcomes an influx of new and inexperienced teachers and educators to meet demand.

The 0.9% adjustment in total places, allowed for in the KISP is not enough to reflect the operational reality and does not reflect the recommendations of the Mitchell Report: *Preschool – Two Years are Better Than One Developing a universal preschool program for Australian 3 year olds – evidence, policy and implementation.*<sup>7</sup>

## The Risk

Pressure to maximise group sizes may contribute to poor quality programs and conflict between Council and our early years partners. Families may choose not to attend three year old kindergarten if unsatisfied with group size.

## Planning Precincts



Department of Education relies predominantly on Statistical Areas Level 2 (SA2) data to determine the location and quantity of infrastructure required. SA2 catchments do not always effectively reflect the size, geography and traveling distances of large regional LGA's.

Council's preference is to base planning on 8 precincts:

- Warragul
- Drouin
- Trafalgar East
- Trafalgar South, Yarragon South and District
- Longwarry and Longwarry North
- Baw Baw, Willow Grove and District
- Yarragon, Nilma and Darnum
- Neerim South, Noojee and District

## The Risk

Without proper local context infrastructure may not be built in locations that have the greatest need or may be built where there is low demand.

## Our Ask

Council requests that the KISP and Building Blocks Agreements acknowledge our planning precincts by specifically naming them in replacement of the pre-determined SA2s.

1. Population and household forecasts, 2021 to 2041, prepared by .id (informed decisions), December 2022.
2. DRAFT Baw Baw Shire Council Early Years Infrastructure Plan – Consultation and Engagement Findings
3. Starting Strong 2017, Organisation for Economic Co-operation and Development (OECD)
4. Australian Competition and Consumer Commission, Interim Report 2023 - Cost of child care
5. Baw Baw Early Childhood Education Profile 2022 Data, Department of Education
6. DRAFT Baw Baw Shire Council Early Years Infrastructure Plan – Consultation and Engagement Findings
7. MITCHELL REPORT NO. 03/2016 Preschool – Two Years are Better Than One Developing a universal preschool program for Australian 3 year olds – evidence, policy and implementation.