

What's the Real Cost for 1:4?

We haven't stopped hearing about the costs to the 1: 4 ratios! Is it going to \$20.00 per day, \$40.00 per day or \$0.57 cents per day? Which one is it and what are the costs for my Centre?

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Is it \$20.00 to \$40.00 per day I have to put my fees up by?

The answer is no, no, no. The first thing to look at is who is telling us this; the media. **What's the media's intention? To sell stories.** So of course they will extend the truth by exaggerating the prices to sell a story. Question how they have come up with this figure, what facts are they presenting, how have they calculated this? Remember to question the motive behind the media and the likes of the people stating these claims, what's their motive.

Is it only \$0.57 per day I have to put my fees up by?

We wish, Federal Child Care Minister Kate Ellis said in the Courier Mail on the 3rd October "Our figures show a family on \$80,000 will pay an additional out-of-pocket expense of 57¢ a week in 2010-2011 and \$8.67 by 2012 for one child in full-time care," she said. Courier Mail on the 3rd October.

Remember the Federal Minister has also an agenda to soften the prices; however she is closer to the mark for 2012 when all Long Day Centres will be required to operate at 1:4.

Case Study One: 48 place Centre

Currently the Centre operates at 10 babies, 16 toddlers and 22 Preschool children. The fees are the same across the centre.

The owner faxed her 1:4 ratio review to Succeed, along with the Centre's plans. Three proposals were presented with a cost analysis on each. The costs on two scenarios were \$0.

Why \$0.00, the Preschool room had unencumbered play space for 24 children, the Centre already operates this room with three staff. The Centre's license allows for 30 Preschool children. The Preschool Room operates at full capacity and the owner is confident that two more places can be booked. The owner wasn't aware that she could move her numbers around in her license. The owner was over the moon, she had a solution. The solution was even better will a no cost outcome.

So how do I calculate it for my Centre!

What's the real cost per day, per week, per annum if you decrease numbers!

What's the real cost per day, per week, per annum if you increase numbers!

There are several key items you need to consider when calculating the cost effects on your Centre.

1. Your current room configurations
2. Unencumbered play space indoors in your play rooms
3. Unencumbered outdoor play space
4. All possible solutions
5. What are your current fees
6. Are extra staff needed for any of the possible solutions
7. If staff are needed, at what rate of pay and level
8. What other staff costs do I need to consider, superannuation, worker's compensation, holidays, sick leave, uniforms, training etc
9. Can I increase my babies numbers or will I need to decrease my numbers
10. If I need to decrease my baby numbers, can I pick these up in other rooms
11. What's my average trading occupancy; a cost analysis at 100% occupancy will differ at 70% occupancy.

Yes there are some core areas to examine; it may be overwhelming however it is a well worth process to get the facts right for your individual centre.

Succeed Consultancy has already completed over 50 1:4 ratios to date, with most of these being in NSW. NSW will lead the changes from 1st January 2011; by introducing an amendment in the Children's Service Regulation 2004.

Case Study Two: 43 Places

This Centre currently operates at 10 babies per day, both the license and play space supports the Centre increasing to twelve babies. A new staff member will be required, it has been decided a Certificate III staff member is an appropriate choice.

Based on 100% occupancy a fee increase to cover the costs will be \$4.00 per day, based on the historically average occupancy for the year calculating at 78% a \$5.00 per day increase will be set.

If it's all too hard? ...

Let Succeed Consultancy take away your headache and we will do an analysis for you; presenting a professional report with several options with recommendations based on your Centre needs.

Members Price: \$110.00, saving 30%

Non Members: \$352.00

*GST inclusive

Will you **spend more than this in your own time** working through all the scenarios and have someone on tap to discuss your Centre's individual needs and pricing strategy? Like you will with Succeed... **1300 077 248**



Another Change, another Headache!

Case Study Three: 86 place Centre

Current Operations

Planned Changes

Places-10: 0-12 months
Places-10: 0-18 months
Places-10: 18-2 years
Places-16: 2-3 years
Places-20: 3-4 years
Places-20: 4-5 years
Places-86 places

Places 8: 0-1 months
Places-12: 1-18 months
Places-12: 18-2 years
Places-16: 2-3 years
Places-20: 3-4 years
Places-20: 4-5 years
Places-88 places

The plans were provided and an extra two places will be able to be achieved, a variation on the license is already in; now the owners are waiting for approval.

Case Study Four: 80 place Centre

There are two babies room, both operating at 10 per day. On the analysis in the final proposal one baby room will decrease to 8 and the other will increase to 12. The plans have been provided to support this proposal. There is one extra staff member needed, it has been decided a Certificate III is an appropriate choice. On this scenario there will be a \$2.00 increase to cover this cost.

There is not one figure that will apply to all services, we are all very different with different fees, room configurations and license configurations. Each Centre needs to do an analysis specific to them. **You need to get it right for you, your families, your children and your staff!**

To organise your individual 1:4 review and get the real costs!



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Unfortunately some centres will see this as an opportunity to cash in at the expense of families and the industry out of greed and or out of opportunity!

We all need to be responsible in any fee increases, if child care becomes unaffordable to families, they will cease work to care for their children, they will use back yard babysitter's and our children cannot afford not to have the quality care that we have all contributed to achieve to what child care is today. Can you afford the industry to self destruct!

Don't lose sight of why the changes are coming!



Staff: Child Ratios

Age Group	Staff to Child Ratio	Implementation Date
Birth to 24 months	1 staff member to 4 children	1 January 2012
25 to 35 months	1 staff member to 5 children	1 January 2016
36 months to school age	1 staff member to 11 children	1 January 2016
Mixed age groups	A proportional formula will be applied based on the above ratios	1 January 2012

1. A staff-to-child ratio of 1:4 for children 25 to 35 months will be retained in Victoria where this ratio currently applies, instead of 1:5 under the National Quality Standard.
2. A staff-to-child ratio of 1:10 for children 36 months to school age will be retained in New South Wales, Western Australia and Tasmania where this ratio currently applies, instead of 1:11 under the National Quality Standard.

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Managing Director
Succeed Consultancy.

P: 1300 077 248

Or visit us at:

W: www.succeedconsultancy.com.au

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Proudly brought to you by industry expert; Erin Allen from **Succeed Consultancy**.

Email: enquiries@succeedconsultancy.com.au www.succeedconsultancy.com.au

Phone: 1300 077 248

Fax: (02) 4233 1568

