

# Is Your Centre Going to be Forced to Close due the COAG Changes?

The short answer is no!

Childcare Sales Australia is proud to publish yet another article from Succeed Consultancy. This article is a one off article on the impending changes to the industry. It is a follow up from the recent tour Succeed Consultancy participated in, in NSW during February.

As usual it is sound practical information for owner operators, investors and new buyers alike. You can contact Succeed Consultancy on the numbers provided below or visit the Succeed Consultancy website for more information at:

[www.succeedconsultancy.com.au](http://www.succeedconsultancy.com.au)



As you aware we as an industry are in the process of an overhaul with three major changes;

1. The New Modern Awards; which commenced 1<sup>st</sup> January 2010
2. An announcement that Children's Services will be expected to implement a national curriculum; The Early Learning Years Framework.
3. COAG announcement in December 2009 in regards to a National Quality Framework and a National Quality Standard.

During February I had the pleasure to join forces with two other presenters: David Morphett from DJMIR and Matthew Stapleton from Centre Support.

## **David Morphett - a true industrial relations expert for the children's services sector.**

David Morphett is a solicitor with over 20 years experience as a Workplace Relations Specialist assisting childcare centres, both not for profit and privately owned. Currently David services a combined group of 361 Child Care centres in New South Wales, ACT, Victoria and South Australia. David presented the NEW Modern Award and what this means to you, how to transition staff and last year's changes to the New Fair Dismissal process.

**Centre Support-** is an organisation that concentrates on supporting centres through the current accreditation system through a subscription model. Matthew presented the new National Curriculum-The Early Years Framework.

**Succeed Consultancy-** I had the pleasure to present the National Quality Framework and the National Quality Standards exploring the changes to a National Regulation and the implementation of a new Accreditation system. Within the presentation I explored timeframes, monetary costs to you and used a common sense approach to the changes.

Our seminars were presented at no cost to participants and we had the pleasure to present across all areas of New South Wales to over 1500 participants.

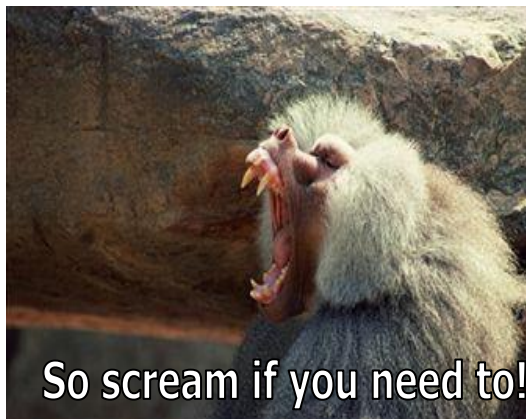
In July 2009: COAG endorsed the first national strategy for Early Childhood Development; Investing in the Early Years; A National Early Childhood Development Strategy providing a blue print for the future.

Investing in the Early Years aim is to have a shared vision for the development of young children in Australia by 2020 and to ensure *“all children have the best start in life to create a better future for themselves and for the nation”*.

The Strategy to achieve the aim is to;

- Focus on all aspects of children’s development
- Guide Governments to encourage greater engagement between Governments
- Strengthen Early Childhood and family services and supports and join service delivery across sectors
- Deliver improved outcomes for parents; skills, workforce, confidence, participation in the community

Yes it’s true we are facing many changes. Yes we hate change and yes change just wants to make us scream.



Changes can be frustrating and scary. Change takes us out of our comfort zones, we don’t know what to expect, what the change will feel like or what it will look like. It’s the unknown that we don’t like, it’s the unknown that frustrates us, and it’s the unknown that makes us scared.

So it’s time to get informed, the more you are informed, the more you understand and know. The more you know the more in control you feel. Once you feel in control and have a clear understanding, the more likely you will make educated and informed decisions. Educated and informed decisions will ultimately help you make the right financial decisions for your business.

Some fight being scared with the changes to scare mongering with heavy negativity, others like Succeed Consultancy keep it real, look at it rationally and keep it in perspective.

Stop and think about the last change you made to your centre; big or small. Why did you make a decision to change that item? **To improve it**, either it be for a better outcome to the children, staff, families, you or the overall Centre it was made to improve something, to make someone’s live easier, smoother for what ever reason is was for improvement.

Improvement is what COAG is out to achieve for childcare, COAG is not stating that child care is broken; it is stating we can improve as an industry!

## Here are the core areas for discussion

### 1: Staff Ratio's are changing

- Staff ratios are changing; they are reducing or staying the same depending on the state or territory you are in. Every Centre's ratios are being affected one way or another. Every centre in every state is in the same situation. \*unless noted otherwise e.g. Victoria is keeping 1;4 ratio for under 3 years as in the current regulation
- Centre's have decisions to make how will they manage this transition, will you reduce places being offered and pay for another staff member to maintain existing places. Every Centre is individual and every centre needs to make informed financial decisions on how they will cater to these changes and what will be the best outcome for them.
- We have over five and half years before the 2-3 and 3-5 ratio changes come into effect, so we have a long time to become accustomed to the changes and have significant time to plan for these changes.
- The 0-2 ratio change has been a national topic for many years now and formalisation of this ratio has not been a surprise nor was it unexpected. Numerous centres have been embracing this ratio for some time now. \* **Tip:** The one to four ratio can be a positive marketing tool and strategy for those that are leaders in implementing this prior to January 2012.

### 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.

### 2: Staff Qualifications

- 50% of our staff will need to hold a Diploma or be actively studying the Diploma
- All other Staff will need to hold a Certificate III in Children's Services or be actively studying the Certificate III.

At Succeed Consultancy we have many enquiries from the industry about the future of employing trainees, as the benefits to having a trainee include;

- to mould new staff to the culture of the Centre
- to have staff on board who have the latest theory base
- to off set wage costs.

With the actively studying portion of the changes trainees can continue to be employed.

Actively studying staff assist services to meet the standards and in my experience majority of services are committed and dedicated to their current staff upskilling their qualifications.

Also remember every Center will need Diploma's and Certificate III's in abundance! Isn't it common sense that the Government are going to step in and provide numerous funding options to upskill the workforce, for existing and new employees.

### 3. Early Childhood Teachers Requirements

- An early childhood teacher is in attendance some of the time that the service is being provided for less than 26 children
- An early childhood teacher is in attendance at the service whenever the service is being provided to 26 children or more.
- A second early childhood teacher or other suitably qualified leader is in attendance for at least half the time the service caters to 60 children or more (compliance to be in force by 2020)
- A second early childhood teacher or other suitably qualified leader is in attendance for at least half the time the service caters to 60 to 80 children, and once there are more than 80 children, the teacher needs to be there whenever the service is being provided. (compliance to be in force by 2020)

New South Wales is the only state that Early Childhood Teachers are dictated to be employed under the current regulations. The changes will enforce the above requirements. As of October 2009, there were a total of 5417 childcare centres. If we exclude NSW, we will need a bare basis of 3595 ECT's by 2014 if all other states and territories need one some or all of the time. If we do a quick estimate and say a third of these are over 60 places and the second ECT is needed we will need another 1200 ECT's. This is a total of 4795 ECT's by 2020. I say good luck for this one, especially if the requirement is for four year trained ECT's. Currently NSW needs four ECTS for a 90 place Centre and this is not going to change with the new standards.

There was great excitement in NSW as initial thoughts were the ratio of ECT in the regulations will be lifted; however this has not been the case. So now the rest of the nation will be in the same predicament as NSW fighting with the school systems to attract, employ and retain ECT's to be compliant with the regulations.

A question that was constantly raised on our tour was. Why? My response being in the field for the last 16 years and seeing the constant turnover of ECT's, agency costs, advertising costs and inconsistency in care, and not seeing high quality teachers is that DOCS, NCAC and the University Lectures need to justify their own existence and obviously have a louder voice than everyone else in the industry. That's my simple and honest response. As industry collaboration is obviously just lip service. ECT's currently in the field represent 2% of staff in the industry.

So the commonsense to the lack of ECT's is everyone is in the same boat, we can't get them now and I don't see how we as a nation are going to achieve over 3500 newly qualified Early Childhood Teachers ready for the changes to come into effect. Let's see the Government initiatives that will be implemented to up skill existing staff and attract new staff to study and choose Child Care as a career.

I'm still chasing that truck load of Early Childhood Teachers... that never seems to stop and drop them off.

#### **What's the Cost?**

As discussed earlier the cost will rely on the choices you make, you may decide to reduce childcare places or employ extra staff. Our ready reckoner can assist you to work out the real cost to you on varying scenarios. Every centre will be unique based on your room configurations, your fees, your licensed places etc. **You can purchase the ready reckoner from Succeed Consultancy; call 1300 077 248 today to place your order...**

Succeed's conducted several scenarios for Services in NSW and ACT and the cost increases ranged from \$4.00 per day per child up to \$12.00 per day per child. ACT had a higher cost than NSW due to needing to introduce Early Childhood Teachers. Succeed Consultancy is currently working with other States and Territories on their costs and differing scenarios.

#### An example of 76 place centre in NSW:

If you are a 76 place Centre, with fees set at \$65.00 for under 2 and \$60 for over 2 years. When the changes come in you drop one place in the toddlers to 15, keep your 20 babies. You will need two Diplomas and will lose one place.

This is an annual cost to you of: \$103 951.00 or you will need to increase your fees per child per day \$5.33 to cover this cost.

### **Child Care is a social issue**

You need to remember child care is a social and Government issue. Parents need to work to pay their mortgages, to meet their financial commitments and from the Governments perspective they need to work to contribute to taxes to ensure Australia's infrastructure stays in tact.

Families will leave the workforce if child care fees rise too much and if it comes not affordable. Parents will not hold down the pressure of juggling employment and a young family if they are not significantly in front financially..

As we all are very aware the baby boomers are in the process of retiring, putting strain on the nation financially. We are going to end up with an in balance of working Australians and non working Australians who are financially dependent on partial or full Government subsidies and services. We are facing a nation who will be struggling to have enough participants in the workforce to support the baby boomers retirement, let alone have a whole group of working families leaving the workforce due to childcare not being affordable.

With this in mind, I'm sure the Government has thought about this and have plans to further subsidise families and or Centres to ensure childcare stays affordable and accessible to Australian Families.

Remember there is election coming up this year, so I'm sure we will hear all the Governments plans to ensure improved quality will not compromise access and affordability. I'm sure we will hear about new and or increased subsidies, as well as funding to upskill our staff to meet these new changes.

As with the main aim of change; "to improve something" and child care currently under further improvement; we can not deny that a ratio of 1:4 for under twos, a ratio of 1:5 for 2-3 years and a ratio of 1:11 will improve staff child interactions and foster greater one on one opportunities and ultimately the children will benefit by having smaller class sizes and or extra staff on board.

We also can't deny if all our staff are trained or in the process of training that this will also be a better outcome for our children.

Our staff will also benefit with smaller group sizes and or extra staff, it will help their stress levels, they will feel more supported and hopefully this is a move to help staff remain in the industry longer which will result in continuity of care for the children.

Our families will also benefit with lower ratios and more educated staff, giving our families further reassurance of a great job we are and will continue to do in the future.

All centres are in the same situation, remember this. What ever your fears are and what ever you feel are the costs that need to be added on. Remember your closest competitor's, other centres in your suburb, town and state are all in the same boat and have all the same or similar concerns to you...



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If you too want the ready reckoner to work out your real costs please contact us on:

**P: 1300 077 248**

Or visit us at:

**W: [www.succeedconsultancy.com.au](http://www.succeedconsultancy.com.au)**

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