



**Minister for Children  
Minister for Community Services**

The Hon Sherryl Garbutt MP

50 Lonsdale Street  
GPO Box 4057  
Melbourne Victoria 3001  
DX210081  
www.dhs.vic.gov.au  
Telephone: (03) 9096 7500  
Facsimile: (03) 9096 7818  
TTY: (03) 9096 6143

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Mr Don Nardella MLA  
Chair  
Outer Suburban Interface Services Development Committee  
Level 3, 157 Spring Street  
MELBOURNE 3000

Dear Mr Nardella 

Thank you for your letter of 22 August 2006 providing information about the Inquiry into Local Economic Development Suburban Areas and requesting that I consider preparing a submission.

As Minister for Children, with portfolio responsibility for early childhood education and the regulatory components of childcare, I have a particular interest in the Terms of Reference that seek to identify the barriers to local economic development and the ways in which these can be addressed. I trust the attached submission will inform your inquiry.

Early childhood education and care will not only improve the outcomes for children, but provide opportunities for the employment of child care workers and kindergarten teachers and the same time provide opportunities for some parents to re-enter the workforce if they choose to do so.

In particular I recognise the intertwined nature of childcare access and workforce participation by parents. The potential impact of this paradigm is that parents have little choice but to forego workforce participation in the absence of flexible high quality childcare, thereby reducing their standard of living and contribution to the local economy.

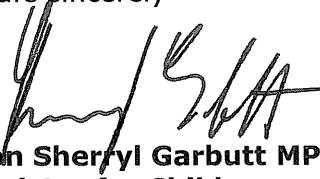
The economic impact on parents who cannot access childcare that meets their individual needs is both an individual issue and a broader issue that impacts on productivity in Victoria. It also impacts future productivity as children whose parents are not able to enter the workforce have fewer life opportunities than those whose parents are in the paid labour force.

While childcare is a Commonwealth Government responsibility, the Victorian Government has implemented a range of initiatives that are supportive of childcare. These initiatives, including Growing Children, Thriving Communities are outlined in the submission.

In addition, Victoria is taking on a leadership role through the Council of Australian Governments (COAG), Human Capital Working Group highlighting the issues of workforce participation and the need to support parents to be able to access high quality, convenient and affordable child care of their choice.

I hope you find the submission helpful to the Inquiry and look forward to hearing about the outcomes.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sherryl Garbutt', written in a cursive style.

**Hon Sherryl Garbutt MP**  
**Minister for Children**  
**Minister for Community Services**

## **Terms of Reference**

### **Inquiry into Local Economic Development in Outer Suburban Areas**

Terms of Reference – received by Order in Council on 27 July 2006.

To inquire into and report to Parliament on issues relating to strengthening communities through local economic development initiatives in outer suburban areas.

In particular, the Committee is requested to:

1. Examine existing local economic development programs being carried out by municipalities in outer suburban areas;
2. Identify the barriers to local economic development and the ways in which these can be addressed;
3. Investigate and recommend incentive arrangements for industry and the respective responsibilities of each tier of government;
4. Investigate the role of council local economic development units and the types of assistance they provide;
5. Examine and report on ways in which councils and government at all levels can encourage economic development, enhance and promote employment opportunities and attract new investment;
6. Identify export based operations and opportunities in outer suburban areas and recommend options to encourage their growth;
7. Identify new and emerging sectors and how they can assist economic development in outer suburban areas, including innovative examples of business incubators, home-based businesses and social enterprises; and
8. Examine national and international initiatives relevant to these issues.

## **Inquiry into Local Economic Development in Outer Suburban Areas**

*2. Identify the barriers to local economic development and the ways in which these can be addressed;*

The Victorian Government is committed to a long-term action plan by the Government to tackle disadvantage and increase opportunities of all Victorians. One of the key challenges is the rapid growth in our outer suburbs and ensuing services meet population growth. These strategies will support the local communities as people seek work, live and play in their local areas. Communities thrive socially and economically when people can be gainfully employed, and childcare provision is an essential element in the quest for prosperity.

The Victorian Government is taking a strong leadership role in the Council of Australians (COAG) Human Capital Reform. In its report to COAG, the Human Capital Working Group noted that while Australia has benefited significantly from economic reforms, it needs a new reform agenda that prepares Australians to meet face the challenges of intense global competition and an ageing population. Building workforce participation and productivity is a major goal for all governments, and access to childcare for working parents is a key element of the agenda.

### **Importance of childcare to the economy**

Many parents need childcare if they are to participate in the workforce. A number of national policies including the Welfare to Work reforms will continue to drive demand for further childcare, as more parents seek to return to the workforce. Support for more flexible childcare arrangements is becoming increasingly important to meet the needs of families with non-standard working arrangements. The labour market is changing, with increasing numbers of people working casually, or working different hours. Lack of appropriate childcare can be an insurmountable barrier to workforce participation.

The economic impact on parents who cannot access childcare that meets their individual needs is both an individual issue and a broader issue that impacts on productivity in Victoria. It also impacts future productivity as children whose parents are not able to enter the workforce have fewer life opportunities than those whose parents are in the paid labour force.

Outer Suburban Areas are a key focus for the Victorian Government policy, and the Office for Children together with the Municipal Council of Victoria are working together to ensure the development of relevant services for children are available to parents, and to add significant value to the local economy.

### **Childcare**

There are a number of problems relating to the provision of childcare in outer suburban areas that may impact of workforce participation and therefore on local economic development. The most significant issues that impact of the availability and usage of childcare are accessibility, affordability and workforce availability.

### **Access and affordability**

The issue of access to quality childcare should be seen as a shared problem between the Commonwealth and the Victorian Governments. The Commonwealth Government funds the provision of childcare through the Child Care Benefit and the Tax Rebate Scheme. The Department of Family and Community Services and Indigenous Affairs is responsible for Child

Care Policy. Victoria is responsible for licensing and regulations, which set out the requirements for providers who wish to set up a long day care centre and ensure the ongoing safety of children.

### ***Issues.***

#### ***Access***

- There is a pattern of continued increase in demand in outer suburban areas due to population growth.
- The tiered approach to planning for childcare places to support parents wishing to return to work is a fragmented, relying on market forces to recognise demand and enter the market accordingly.
- This approach to the delivery of childcare does not provide an overall strategy to deliver key developmental outcomes for children, or provide a vehicle for government objectives, such as choice and flexibility, quality and affordability for parents.
- Preliminary investigations have determined there are inadequate long day care places in some places in the Outer Suburban Areas, with a potential undersupply noted in Whittlesea, Wyndham, Knox and Yarra Ranges.
- There is no centralised waiting list available to analyse the supply and demand issues for childcare places. Victoria has commenced a uni-lateral effort to investigate the issue of childcare availability, particularly for long day care through the setting up of a Childcare Taskforce.
- Families will have preferences about their choice of childcare, including long day care and family day care and the affordability of care.

#### ***Affordability***

- For many families, childcare is increasingly unaffordable, the Commonwealth Government provision of CCB is inadequate for many parents; particularly for sole parents
- The cost of care is increasing relative to commodity price increases. (Between 2002-2004, the cost of care, increase at a rate 2.2 times more than wage and salary earnings and 4.5 times more than prices generally).
- As children care costs increase, parents are less likely to remain in the workforce, or re-enter the workforce (Creating Choice p.1 )

#### ***What are we doing now?***

- Investigating the waiting lists for childcare places in both Outer Suburban Areas and the rest of Victoria through the Childcare Taskforce led by the Mr Tony Lupton MP.
- Improving Victoria's response to shortages of childcare through the Children First Capital First Funding. The Children First Capital ( \$16M over 4 years) has thus far resulted in an additional 610 licensed places in children's services becoming available for young children, many of which are located in outer suburban areas.
- Improving the number of kindergartens in Outer Metropolitan Suburban Areas through capital funding in 2003-06. New kindergartens have been established in the Interface Council areas of Hume (Craigieburn), Cardinia (Beaconsfield), Melton (Hillside), and Whittlesea (South Morang). A Children's Centre will also be established in the City of Whittlesea.
- Through the Growing Communities, Thriving Children Initiative, the Government will invest \$25M over four years to assist councils in Melbourne's outer suburbs increase services for children and their families. Six new Children's Centres will be provided for Wyndham, Melon, Hume, Whittlesea, Casey and Cardinia. The Government will also concentrate on improving access to Outside School Hours Care to meet the needs of

parents as their children's care needs change. This will enable parents to continue or their current work practices or to expand their hours in the workforce.

- Providing minor capital grants for community based not-for-profit childcare centres, kindergartens and outside school hours care services to assist them to provide high quality environments for development and learning while ensuring child safety.
- Through the Council of Australian Governments (COAG), Human Capital Working Group highlighting the issues of workforce participation and the need to support parents to be able to access high quality, convenient and affordable child care of their choice.

### **Parents Reports**

- Parents report broad differences between types of service providers that impact on their decision making:
  - Community based centres are perceived to be more popular with parents, however, there are longer waiting lists.
  - Private centres are easier to access and some parents use those centres as a holding place for their child until they can access a community based centre.
- Parents report that access to childcare is a central mechanism for organising and structuring family life. Many families require two incomes to meet their financial commitments ...*We have a big mortgage and we are on the verge of losing our house if I don't go to work*'.
- Parents reported without access to childcare, they have limited options to improve their skills thereby inhibiting their employment opportunities.

### **What else needs to happen?**

Victoria will work with the Commonwealth to develop strategies to:

- Assist the development of community based non-profit children's services.
- Improve inter Government planning to better meet the childcare needs of parents intending to return to the workforce.
- Improve information to parents about the availability of childcare, so they can make information choices about childcare.
- Improve the availability of data at a Commonwealth and State level to better understand the supply and demand for childcare.

### **The workforce supply.**

The early childhood workforce supply is both a general issue; in that there is a tight labour force market characterised by skill shortages and ageing workforce, and a specific shortage in the early childhood sector.

#### **Issues:**

- This workforce is underdeveloped with low status; poorly professionalised, and comparatively lowly paid. This creates difficulty in attracting and retaining qualified staff.
- Staff qualifications are an essential component of the provision of a quality early childhood service.

#### **What are we doing now?**

- Leading the National Children's Workforce Study, (auspiced by the Community Services Ministers' Advisory Council) which will determine the key characteristics of the workforce; identify the current supply of children's services staff and predict future workforce requirements.
- Through the Council of Australian Governments (COAG), Human Capital Working Group Victoria is highlighting the issue of skills shortages and working to develop a national early childhood workforce strategy to address those shortages.

- Working with the existing workforce to encourage skill development and to ensure the workforce meets the quality standards required through the National Quality Childcare Council (NCAC).

### **What else needs to happen?**

Victoria will work closely with the Commonwealth to:

- Engage with professional bodies to improve the professional skills of the workforce.
- Develop a range of strategies to increase the size of the workforce by highlighting the attractiveness of the work and encourage young men and women to become childcare professionals.
- Provide access to better training and career structures for child care workers.
- Improve national data collection on the early childhood workforce.