



Australian Government
Department of Education and Training

Child Care Services Business Support Resource

A guide for considering
your business

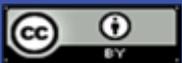
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The document must be attributed as the Child Care Services Business Support Resource

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1. Introduction

The Australian Government is investing an additional \$2.5 billion over four years to support the 1.2 million families who use approved child care. The changes will provide more support for families and be targeted to those who need it most.

It is expected that the greater flexibility the package will allow from 2 July 2018, in particular with regard to service models and operating hours, will help services to become stronger and enable them to focus even more on responding to the care needs of families and children. The new arrangements will be good news for families and good news for services.

As part of assisting services to take advantage of the opportunities and greater flexibility that will be available under the package, the Australian Government Department of Education and Training (the department), in consultation with a range of child care stakeholders, has compiled a suite of business support tools and resources to help child care services to review their business operations in the context of transitioning to the new arrangements. These resources are a simple and practical way that services can plan, review and grow their businesses into the future. They incorporate best practice suggestions and ideas developed with and by the sector.

During recent consultations, and in other discussions with sector and service representatives, services told us that they want practical information and assistance to help them to plan for the future. The tools and templates that form part of this suite of business support resources have been designed and tested with this in mind.

While there is no requirement to use these resources, services may find them useful to review their operations and to identify possible changes they may want to implement in response to the greater flexibility that will be allowed from 2 July 2018.

If you want to find out more about the new child care arrangements, please refer to the department's website at www.education.gov.au/eccc

*Positive change for a better child
care system.*

The suite of business support tools and resources

The suite of business support resources includes key financial and business planning tools and resources that will be useful for all care types and service types. These include:

- **Child Care Services Business Support Resource (this document):** This resource includes information on the new child care arrangements that come into effect from 2 July 2018, and some ideas services may want to consider in the lead up to the changes, particularly in responding to the greater operational flexibility that will be allowed. This document also provides case studies, frequently asked questions, and links to other relevant resources.
- **[Scenario Analysis and Budgeting Tools](#):** The scenario analysis and budgeting tools will help services understand how certain factors may impact their financial results. Services can change certain factors that contribute to financial performance and assess the potential impact for the service as well as gain further insight into each year's financial performance. There are three different scenario analysis tools; a simple tool, and two detailed tools; one for small to medium services and another for large services.
- **[Business Planning Templates](#):** The business planning templates may be useful for business planning into the future. These include a business plan, project plan and risk management plan.
- **[Grant Application Support Resource](#):** The Grant Application Support Resource has been developed for use by child care services to provide guidance on grant application development. The resource enables services to understand how to structure a grant application, what critical information to include, and how to address selection criteria.

The business support tools and resources can be used by all services and service types, and should be considered alongside other relevant tools and resources that may be available, or that individual services may already be using.

What is the purpose of this resource?

This resource will help child care services identify ways to better meet the needs of their families and communities and improve their businesses including reviewing their operations in the context of the greater operational flexibility that will be available in the future.

Who should use this resource?



- The information in this resource can be considered by all child care services as part of their broader business planning activities. It may be particularly useful for those services currently receiving funding under the department's Community Support Program, which will cease on 30 June 2018.

What information does this resource provide?



- This resource provides information on some of the key changes that will come into effect on 2 July 2018.
- It also provides some options and ideas child care services may want to consider to take advantage of the greater flexibility that will be supported from 2 July 2018.

How should I use this resource?



- As is the case for any healthy organisation, child care services should regularly review their business model and operations, as part of their standard continuous quality improvement practices.
- This resource provides some ideas and considerations that may be relevant to your service's specific circumstances, and therefore help in this process. It is not intended to tell your service how to operate, nor is it an exhaustive guide on options.
- Use this resource to test your thinking and to reflect on how your service may wish to implement any changes to harness opportunities that may be available with the introduction of the new child care arrangements.
- While this resource does not need to be read chronologically from start to finish, it is suggested that services read the introductory sections first, then refer to any individual sections that may be relevant.

How does this resource fit in with other information available?

This resource should not be looked at in isolation of other information or business resources available to your service. Refer to the steps below which will help you to find more information and resources that may be useful.



Understand

Do your research

- ▶ Go to the department's website for information about the new child care arrangements www.education.gov.au/eccc

Talk to others

- ▶ Engage with your peak bodies and regularly check the department's website www.education.gov.au/eccc
- ▶ Speak to other services in your area to find out what they are doing in preparation for the new child care arrangements



Prepare

Consider new ideas or opportunities in light of the new child care arrangements

- ▶ Refer to the **Child Care Services Business Support Resource** (this document)

Test any financial impacts around implementing some of the new ideas and opportunities identified

- ▶ Refer to [the Scenario Analysis and Budgeting Tools](#) on the department's website

Input forecast financials into the budgeting template to keep track of performance throughout the year

- ▶ Refer to [the Scenario Analysis and Budgeting Tools](#) on the department's website



Decide and plan

Decide which ideas your service will implement and plan for any changes your service has decided to make

- ▶ Complete the business planning templates available on the department's website, if relevant:
 - [Business plan](#)
 - [Project plan](#)
 - [Risk management plan](#)



Implement and review

Implement your planned changes

- ▶ Ensure any changes you implement meet applicable National Quality Framework requirements and Family Assistance Law
- ▶ Regularly review the changes that your service has implemented and reflect on whether they are having the desired outcomes

2. What are some of the key changes being introduced?

Below is a list of some of the key changes to the child care system. Please refer to the department's website for more information www.education.gov.au/eccc

New Child Care Subsidy

- The Child Care Benefit and Child Care Rebate will be replaced with a single, means-tested subsidy known as the Child Care Subsidy.
- The subsidy will be paid directly to services.
- The subsidy is aimed to better assist low and middle income families.

Introduction of Hourly Rate Caps

- Families will receive a rate of subsidy based on their combined family income, with the subsidy calculated as a percentage of the actual fee charged, or of the relevant hourly rate cap (whichever is lower). See the tables below for more detail.
 - Families earning less than \$185,710 per year will not be subject to a cap on the amount of Child Care Subsidy they can access.
 - Families earning between \$185,710 and \$350,000 will still have an annual cap, however this will increase to \$10,000 per year per child.
 - The number of hours of subsidised child care that families will have access to per fortnight will be determined by a three-step Activity Test.
 - Refer to the Family Child Care Subsidy Estimator to estimate how much subsidy a family may be entitled to, taking into account family income, activity, number of children and type of service used. Link: www.education.gov.au/child-care-subsidy-1
- * These provisions will be increased by the Consumer Price Index for implementation in July 2018 (and annually thereafter)

More flexible operating hours

- Services will be able to consider flexible care options that better suit their children, their families and their communities, as well as their business.
- Requirements around the minimum number of hours per day and days per week that a service needs to operate will be removed.
- From July 2018, services will be able to determine:
 - the number of hours of care provided per day
 - the number of days of care provided per week.
- Services will be required to operate for a minimum of 48 weeks per year, or seven weeks per year if the service only offers outside school hours care.

Child Care Subsidy Rates

Combined Family Income*	Subsidy per cent of actual rate charged (up to relevant % of hourly rate cap)^
Up to \$65,710	85%
More than \$65,710 to below \$170,710	Tapering to 50%
\$170,710 to below \$250,000	50%
\$250,000 to below \$340,000	Tapering to 20%^
\$340,000 to below \$350,000	20%
\$350,000 or more	0%

* These provisions will be increased by the Consumer Price Index for implementation in July 2018 (and annually thereafter)

^ Subsidy tapers down by 1 per cent for each \$3,000 of combined family income

Hourly Rate Caps

Service type	Maximum hourly rate cap*
Centre-based day care	\$11.55*
Family day care	\$10.70*
Outside school hours care	\$10.10*

* These provisions will be increased by the Consumer Price Index for implementation in July 2018 (and annually thereafter)

Changes to grant funding for child care services

- The Community Support Program and the Budget Based Funded program will cease on 30 June 2018 with the introduction of the Community Child Care Fund.
- The Community Child Care Fund is a new grants program for child care services, which aims to increase child care participation in disadvantaged communities.
- Under the Community Child Care Fund, eligible child care services will be able to apply for funding to:
 - reduce the barriers in accessing child care, in particular for disadvantaged or vulnerable families and communities
 - provide sustainability support for child care services experiencing viability issues
 - provide capital support to increase the supply of child care places in areas of high unmet demand.
- The Community Child Care Fund includes the following key grant opportunities:
 - Open competitive (for eligible approved child care services)
 - Restricted non-competitive (for specified services)
 - Connected Beginnings (opened in 2016)
- Please refer to the department's website at www.education.gov.au/cccf for further information on the Community Child Care Fund, including eligibility and timing of grant opportunities.

3. How can my service respond to these changes?

The healthiest organisations are regularly looking at how they work and for ways to improve and streamline their operations. The changes that come into effect from 2 July 2018 are an opportunity for you to think about the needs of your service, your families and your local community, and how they might come together under the new child care arrangements.

Service model opportunities

A service model describes how services are delivered to families. Your service model incorporates all elements of the way your service is operated, whether it is centre-based or home-based.

The new arrangements will allow services to be more flexible and accommodating to families and communities around the type of child care services that they offer. The greater flexibility presents an opportunity to think about your service model and how your service can continue to, or better meet, the needs of your families and community. This could mean thinking about things such as:

- Could your service's operating hours be more targeted to better meet family and community needs?
- Could your service offer different, non-standard hours of care to cater for the needs of different families such as shift workers?
- Is your service's fee structure appropriately balanced to meet family needs and ensure sustainability?
- Could your service increase interaction, marketing and engagement with the local community to increase participation?

In considering any changes you may want to make at the service level, you must ensure that these are in line with Family Assistance Law and any applicable National Quality Framework requirements.

Further information regarding the National Quality Framework can be found at:

www.acecqa.gov.au/national-quality-framework/the-national-quality-standard

Get connected to your families and community.

Operating hours flexibility

From 2 July 2018, services will be required to operate for a minimum of 48 weeks per year, or seven weeks per year if the service only provides outside school hours care, with the number of hours of care provided per day, or days per week, a matter for the child care service to determine.

This means that your service can decide which days of the week to open and which hours of the day to operate based on what makes sense for your service and the families you serve. For example, services in rural settings may be able to flexibly cater to the demands of seasonal variations by operating as a part-time service for most of the year but increase hours and days per week during the peak season.

Factors that may influence your decision making may include:

- community needs and expectations (i.e. does the community have a real need for the service to run on particular days or hours for specific reasons?)
- financial considerations (e.g. what would be the impact on your service's financial position of any changes to operating hours?).

A number of questions that you may wish to consider to guide decision making in relation to operating hours may be:

- Does the service have fully utilised rooms or space on all days/sessions of the week?
- Are there particular days/sessions where child care rooms or space are under-utilised? What are ways to increase enrolments in these days/sessions?
- Is your service able to offer some families different sessions of care, for example, new occasional care sessions?
- Can the service offer more non-standard hours of care to cater for shift workers e.g. police officers and nurses?
- What impact will any changes have on your staffing needs?

Child care is becoming more flexible.

Utilisation

There are a number of questions that your service may wish to consider to guide your decision making in relation to maintaining or increasing utilisation while retaining a focus on quality education and care:

- What are the key demographics of the families that attend the service, and how are they likely to be affected by the changes introduced with the Child Care Subsidy? NB the Family Child Care Subsidy Estimator available at www.education.gov.au/child-care-subsidy-1 can be used to estimate the subsidy that families utilising your service may be eligible to receive.
- Can the number of hours or days that the service stays open be changed to better accommodate the needs of families?
- Can rostering be re-examined to appropriately cater to fluctuating levels of demand? The [Scenario Analysis and Budgeting Tools](#) that form part of this suite of resources can help your service to analyse the impact of rostering changes.

Rostering for centre-based services

The new child care arrangements will offer greater flexibility for services to deliver quality child care that meets the needs of families and the local community. You may wish to consider how you roster staff in light of the great flexibility supported under the new arrangements, for example:

- What will the staffing impact be if additional children are accepted into a room?
- Are there ways to increase enrolments so that any extra sessions are fully utilised?
- Does the service have staff available to fill in for periods of time when the service is particularly busy?

In considering your service's rostering, first make sure that you understand your obligations under the National Quality Framework (www.acecqa.gov.au/national-quality-framework) and other regulatory requirements that may be relevant for the jurisdiction where your service operates.

*Helping services to meet the needs
of families and communities.*

4. What are the next steps?

Now that you may know a bit more about the new child care arrangements that will come into effect from 2 July 2018, and have thought about your business and service model in the context of these changes, you next need to decide if you want to implement any changes in the lead up to the new arrangements.

Below are some actions you may want to consider as next steps in responding to the opportunities presented by the new arrangements. These incorporate and respond to sector ideas and feedback. Not all these may be relevant to your service.

1. **Review additional considerations detailed in the appendices.** The appendices outline some ideas you may want to consider to better respond to the needs of families, including to take advantage of the greater flexibility that will be possible from 2 July 2018.
2. **Use the [Scenario Analysis and Budgeting Tools](#) and other tools to do simple scenario modelling.** These tools have been designed to allow you to model the potential impact of operational changes on your service's financial performance. You should connect with your families and community to better understand their needs, and consider the impact of different scenarios.
3. **Decide on the changes that your service will implement and plan accordingly.** Once your service has considered different scenarios in the [Scenario Analysis and Budgeting Tools](#) and by engaging with families and community, your service will need to decide on changes to be implemented, if any. If you have used the [Detailed Scenario Analysis and Budgeting Tools](#), the income and expenses will automatically be generated into an annual budget. You can amend the budget after that as needed. There are also a number of helpful [templates](#) that have been developed to assist your service with business and project planning.
4. **Monitor and review implementation of the changes.** Once your service has implemented any changes, the impact will need to be carefully monitored. The [Detailed Scenario Analysis and Budgeting Tools](#) will automatically create a monthly breakdown of your service's annual budget. Actual income and expenses for each month will need to be entered manually to understand the variance from budget. The variances will highlight areas for further consideration. For example, if utilisation varies from your original estimates, you may decide to revise your operating hours, or adjust the way you market your service across the local community.

The [Business Plan, Project Plan and Risk Management templates](#) provided as part of this resource can be used to monitor progress against key milestones and deliverables.

In considering next steps, services should ensure that they meet their conditions of approval and other obligations under Family Assistance Law. Information and resources about these obligations is available on the department's website at www.education.gov.au/eccc

5. Frequently asked questions

Q. Will this resource provide all the business advice that I may need?

Answer: This resource provides general information only and is not designed to be a comprehensive resource. It introduces some of the key changes and concepts that your service may need to consider.

As with any business changes, you may want to seek further guidance from your financial management team, legal advisor, management committee, board, accountant and/or other financial advisor as to how these changes may specifically affect your service.

Q. Where can I go to find additional information?

Answer: More information on the new child care arrangements is available on the department's website at www.education.gov.au/eccc

Other sources of information include: www.acecqa.gov.au or www.mychild.gov.au or www.business.gov.au

Q. When should I use this resource?

Answer: This resource provides tools and templates which may assist your service to consider its business and service model, and to identify opportunities to flexibly cater to the needs of your families and community. It is designed to supplement information available through the department and sector peak bodies, as well as information that will be provided directly to services in the lead up to the new arrangements coming into effect.

Q. What if I need help using these tools?

Answer: The tools provided as part of this resource require services to have a reasonable knowledge and understanding of basic business principles and practices, as well as requirements under the National Quality Framework and Family Assistance Law. Should you need help working through some of these templates or implementing any business or service level changes, you should speak with your accountant or peak body representative. You can also check the department's website for relevant information, such as questions and answers. You may also want to utilise other online resources that may be relevant, such as those provided at www.business.gov.au

Q. Who should I speak to if I need help with my service's finances?

Answer: You should speak with an accountant and/or financial planner when it comes to specific financial requirements.

Q. Where can I go or who can I speak to in order to ensure my service is meeting its obligations under the new child care package?

Answer: If you are unsure about your legal obligations, you should seek legal advice from your legal advisor to ensure you are compliant. Information and resources about obligations is available on the department's website at www.education.gov.au/eccc

6. Other resources

For more information on the new child care arrangements:

Listed below is a sample of resources that provide further information on the new child care arrangements. This list is not exhaustive and may not be specific to your requirements.

Australian Government Department of Education and Training website at www.education.gov.au

For additional financial tools:

In order to support a review of your service's financial position, the following resources may be of assistance when developing a financial management plan.

Australian Taxation Office website at www.ato.gov.au

Business.gov.au website at www.business.gov.au

For additional business planning resources:

A selection of tools and templates that may supplement your existing resources are listed below:

Business.gov.au website at www.business.gov.au

Australian Children's Education and Care Quality Authority website at www.acecqa.gov.au

For information on general and specific requirements for running a child care service, including regulations:

Please note that the information contained in these documents may be subject to change.

Department's website at www.education.gov.au/support-operate-service

Or contact the relevant state or territory office via the department on 1300 363 079.

The Australian Children's Education and Care Quality Authority oversees the implementation of the National Quality Framework and works with the state and territory regulatory authorities to implement and administer the National Quality Framework.

www.acecqa.gov.au/opening-new-service_1

http://files.acecqa.gov.au/files/Information_Sheets/EducatorToChildRatios.pdf

Some peak bodies may be able to provide information to support your service.

Appendix A – Service scenarios

The following scenarios are an illustrative example of how a service could respond to the child care system changes including the increased flexibility to better meet their families' needs.

Scenario 1 - Long Day Care

Bright Sky Child Care, a Long Day Care facility in NSW, reviews its operating hours in light of the removal of operating hour requirements.

In consulting with families, Bright Sky identifies that there is significant demand for the service to extend its operating hours until 7pm to cater for working parents. The service analyses the impact on its staff, families, costs and fees of longer operating hours and decides to trial longer operating hours on Thursdays and Fridays.

Bright Sky opens till 7pm on Thursdays and Fridays and finds many new families enrol in, and existing families switch to, Thursdays and Fridays so that the service is fully utilised on these days. After three months of longer operating hours on these days, Bright Sky engages with its families to test the appetite for extending the hours across all days of the week and introduces a 7pm close on Wednesdays as well.

This allows Bright Sky to better utilise its services while responding to the needs of families.

Scenario 2 - Outside School Hours Care

Lauren operates an outside school hours care (OSHC) service for a local school in Victoria. There is another local school 100 metres down the road, which also has an OSHC service.

While Lauren's after school hours service has great attendance during the week, the before school care service has only a handful of children attending. The nearby school OSHC service similarly has only a small number of children attending. If both services continue to operate as is, the before school care services will be too costly to run.

Lauren approaches the other OSHC service to propose combining before school care, which they agree to. The children from the other school attend Lauren's service. At school start time, the educators walk the children from the other local school 100 metres down the road to attend school.

This arrangement means that Lauren's before school care service improves its enrolments, and families of both schools are still provided a much-needed before school hour service.

Scenario 3 - Family Day Care

Marsupial Family Day Care Service is a small regional service that works with ten family day care educators. Currently Marsupial is reviewing options to improve financial sustainability, especially given the variation in enrolments across the ten educators.

In particular, Marsupial finds that there are long waiting lists for the educators but when a space becomes available many families on the waiting list do not end up enrolling. Marsupial believes that by maintaining more regular contact with families on the waiting list, they will be better able to ensure that only families that are seriously looking for family day care places are on the waiting list, which will also reduce administrative costs.

With a better understanding of the actual demand for care, Marsupial will also be able to undertake promotional activity to attract more families to apply, so that as vacancies arise, these will be able to be quickly filled. Due to the greater acceptance rate for places, Marsupial will also be able to attract new high quality educators and grow their business, having a positive impact on sustainability.

Scenario 4 - Occasional Care

Just for Fun Kids Care (JFKC) is an occasional care service that provides four sessions of care a week on Mondays and Wednesdays, in the morning and afternoon.

JFKC recently conducted a review of attendance at all of its sessions, which showed that the Monday and Wednesday afternoon sessions were usually fully utilised, but the morning sessions were less popular.

JFKC subsequently engaged with its families to check whether the morning sessions are meeting their needs. Their families gave feedback that they needed longer afternoon sessions, to allow them to meet study and work demands. The shorter, three-hour morning sessions did not provide enough care to allow them to attend study or work. Based on this feedback, JFKC decides to change its sessions to remove the morning sessions and introduce longer afternoon sessions from 1:00pm-9:00pm in line with family needs. JFKC increases its fees to cover the costs of the longer session times.

The result of this is a service that specifically meets the needs for families while earning enough fees to cover the cost of operations.

Appendix B - Ideas that can impact service income



This section looks at some ideas that can impact service income. These have been categorised into four key areas – operating hours, enrolments, additional income streams, and fees. Many of these ideas have been suggested or put into practice by existing service providers across all care types. Not all options will be relevant to all service types.

Any changes to fees should be considered in the context of the local community’s needs, including the capacity of families to pay, and any potential impact on the perception of value for money provided by your service, compared to other child care services in the community.

1. OPERATING HOURS		
IDEAS	CONSIDERATIONS	POTENTIAL IMPACT
Review operating hours	INCREASE <ul style="list-style-type: none"> Is there sufficient demand for your service to increase its operating hours? Could your operating hours be increased to meet the needs of families that are shift workers? 	<ul style="list-style-type: none"> Increasing operating hours gives more flexible options for families. If there is insufficient demand for additional operating hours, the cost of paying wages may outweigh the additional income generated. Each service should assess the benefits/costs based on their unique situation.
	DECREASE <ul style="list-style-type: none"> Does your service have periods of low demand? Is there opportunity to engage with families to understand their preferences? 	<ul style="list-style-type: none"> Reducing your service’s operating hours to better meet the needs of families may allow it to operate more sustainably. However, reducing your service’s operating hours may also result in some families not receiving the level of child care services that meet their needs. Each service should assess the benefits/costs based on their unique situation.

2. ENROLMENTS		
IDEAS	CONSIDERATIONS	POTENTIAL IMPACT
Increase marketing	<ul style="list-style-type: none"> Has your service thought about marketing opportunities? Does your service have a social media presence? Could your 	<ul style="list-style-type: none"> Having a well thought out marketing approach can increase awareness of your service and lead to more children being enrolled.

2. ENROLMENTS

	<p>service ask families to recommend new families?</p> <ul style="list-style-type: none"> • Does your service have flyers/brochures that could be put up at local businesses in the area? • What other cost effective ways could your service be marketed? 	<ul style="list-style-type: none"> • Plan your marketing strategy carefully, within a budget.
	<ul style="list-style-type: none"> • If your service does engage in marketing activity, what is its point of difference? • Think about why parents might choose your service over another. What does your service offer that others don't? Does your service have different programs, facilities, opening hours or services offered? 	<ul style="list-style-type: none"> • Targeting the marketing of your service and clearly articulating your service's point of difference, such as, quality, philosophy, or facilities is a good way to attract families.
Enter into partnerships	<ul style="list-style-type: none"> • Is there an opportunity to partner with a school, local council, wrap-around service or another service? • Is there a school that doesn't offer Outside Schools Hours Care services where your service could provide them? 	<ul style="list-style-type: none"> • Entering into a partnership with a school or other related service may result in increased numbers of children and/or an overall better service offering (particularly if partnering with wrap-around services). This could be a point of differentiation for your service. • Think about how your service may wish to set up partnerships so that it is mutually beneficial.
	<ul style="list-style-type: none"> • Think about the proximity of your service to employers in the area. Is your service located near a large company? Do many commuters pass through the area? Is your service in a position of convenience for a certain cohort of people? • Is there an opportunity for your service to become a preferred child care service for employees of a local business? • Could your service offer tailored vacation or other care to support families employed in a local business? 	<ul style="list-style-type: none"> • Entering into an agreement with a local business may result in additional enrolments.
Increase community engagement	<ul style="list-style-type: none"> • How active is your service in engaging with families? • Are families satisfied with your service? Is there something 	<ul style="list-style-type: none"> • Word of mouth is a particularly powerful tool for businesses that offer a service. Increasing the number of people that talk positively about your

2. ENROLMENTS

	<p>families would like the service to change or offer?</p> <ul style="list-style-type: none"> • What more could your service do to engage with families to have them act as promoters in the community? 	<p>service may result in increased enrolments.</p>
Increase accessibility	<ul style="list-style-type: none"> • Is there a way to make your service more accessible for families and children? • Is there an opportunity to organise transportation to/from your service to increase enrolments? 	<ul style="list-style-type: none"> • Providing options for transportation to and from your service may increase the accessibility of your service to some families, particularly in remote areas, and result in additional enrolments. • Costs of providing transport would need to be considered.

3. ADDITIONAL INCOME STREAMS

IDEAS	CONSIDERATIONS	POTENTIAL IMPACT
Introduce other services	<ul style="list-style-type: none"> • Are there other types of services that could be provided? • Is your service for all age groups? • Could additional child care sessions be introduced? 	<ul style="list-style-type: none"> • Introducing an additional type of service gives more options for families and may increase enrolments. • Be mindful of the costs associated with the new service offering (staff, space, regulations) to determine whether the cost can be offset by the income earned. • Be mindful that there are compliance implications in relation to offering differing services which may impact your service's definition as a child care service.
	<ul style="list-style-type: none"> • What are some of the service needs of your families and the local community? • Are there other services that could be provided to the community that are complementary to your child care service? 	<ul style="list-style-type: none"> • Introducing a service outside of the core offering could enable your service to make better use of space during quiet periods. • Make sure that there is sufficient demand for the additional service and that the space is suitable. • Be mindful of any National Quality Framework or other regulatory requirements.

4. FEES

IDEAS	CONSIDERATIONS	POTENTIAL IMPACT
Review fees	<ul style="list-style-type: none">• Have you reviewed your fees to check if they are meeting your community's needs, are sustainable and competitive?	<ul style="list-style-type: none">• Changing fees will impact the income your service generates.
	<ul style="list-style-type: none">• Has your service considered different fees across the different ages or types of care provided?• Considering the fees charged by other services for various care types may help to guide your decision making.	<ul style="list-style-type: none">• Having a well-informed review of fees can help you understand family needs, potential impact of fee changes, costs and income of services or rooms.

Appendix C - Ideas that impact service operating costs



This section looks at some ideas that can impact service operating costs. These have been categorised into three key areas – operating expenses, educator rostering, and administration. Many of these ideas have also been suggested or put into practice by existing service providers across all care types. Not all options will be relevant to all service types.

1. REVIEW OF OPERATING EXPENSES		
IDEAS	CONSIDERATIONS	POTENTIAL IMPACTS
Reduce operating expenses	<ul style="list-style-type: none"> How much visibility does your service have over individual expenses? Could your service analyse the costs of each room and/or services across the week to identify areas for improvement? 	<ul style="list-style-type: none"> Having an understanding of the different costs that contribute to your service’s overall expenses will allow for better management of any individual costs that may appear disproportionate. The Scenario Analysis and Budgeting Tools may be of use to analyse costs.
	<ul style="list-style-type: none"> Is there an opportunity to renegotiate prices on operating expenses such as utilities and maintenance? Has your service been a long term customer that may have access to reduced rates? 	<ul style="list-style-type: none"> Renegotiating existing contracts can reduce costs in the long run. Be aware that changing providers may incur switching fees and may not result in an overall reduced cost.
	<ul style="list-style-type: none"> Are there cheaper options available compared to services that are currently being used (mobile plans, software etc.)? Make sure to research all options available to your service. 	<ul style="list-style-type: none"> Changing some of your services for cheaper options can be a great way to reduce expenses, however make sure that this does not come at the expense of reduced quality or service required for running your service.
	<ul style="list-style-type: none"> Have you considered the costs of consumables? 	<ul style="list-style-type: none"> Reducing the cost of consumables may improve your service’s sustainability. You may want to consider the approach to managing consumables employed by other services that operate in the community as a comparison.
Partnering	<ul style="list-style-type: none"> Could your service partner with another service to reduce certain costs that may be common to both services, such as organising combined training activities to reduce costs to each service? 	<ul style="list-style-type: none"> Thinking of ways to partner with other services in the community on a small scale can be an effective way to manage costs. Ensure that both your service and the partnering service are aligned and

1. REVIEW OF OPERATING EXPENSES

	<ul style="list-style-type: none"> Is there any relevant expertise amongst families at the service that you could utilise, such as trades, supplying items, or for promotion or fundraising expertise? 	<p>wanting the same outcomes and have the same requirements to ensure that the arrangement is mutually beneficial.</p>
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2. EDUCATOR ROSTERING/STAFFING

IDEAS	CONSIDERATIONS	POTENTIAL IMPACT
<p>Review rostering</p>	<ul style="list-style-type: none"> Could your service review the rostering of rooms to ensure they are well utilised, e.g. could your service more effectively use flexible or 'floating' staff across rooms or during peak periods? 	<ul style="list-style-type: none"> As much as possible, aim to have consistent staff for children and families to rely on, connect with, and feel safe around. Be mindful of staffing ratios and quality requirements.
<p>Strategies to attract and retain staff</p>	<ul style="list-style-type: none"> Are the costs to your service of finding and hiring educators significant? Is marketing used to attract educators to your service? <hr/> <ul style="list-style-type: none"> Does your service find it difficult to retain staff? Are there methods your service could employ to increase staff retention (e.g. professional development opportunities, mentoring, staff recognition activities)? 	<ul style="list-style-type: none"> Marketing is not only important to attract more enrolments in your service, it can also be a powerful tool to attracting staff. Community advocacy and support for your service can also help attract and retain quality staff. <hr/> <ul style="list-style-type: none"> Staff who feel positive and valued are more likely to remain in a role. Staff recognition activities can involve and engage families and children, and have a positive impact on the way your service is perceived in the broader community. The potential positive impact of professional development on staff satisfaction and retention can often outweigh the cost to the service. Retention of staff also has a number of other positive flow on effects including continuity for children, continuity for other staff (in terms of understanding processes) and reducing the need of hiring costs.

3. ADMINISTRATION

IDEAS	CONSIDERATIONS	POTENTIAL IMPACT
Review administrative processes and systems	<ul style="list-style-type: none"> • Is there an opportunity to reduce costs of administration through more efficient processes? • Is there a technological solution that could reduce the amount of time spent conducting administrative tasks? 	<ul style="list-style-type: none"> • Many software programs are available to help individuals with accounting, expenses, record keeping etc. however, this involves time spent learning new software, being confident that any compliance requirements are being met, and requires the purchase of software.
	<ul style="list-style-type: none"> • Is there an opportunity to combine back office administrative functions with another service in the area? 	<ul style="list-style-type: none"> • Combining back office functions may result in efficiencies including leveraging economies of scale, improving processes for services and being able to more efficiently use staff time.

7. Conclusion

The new child care arrangements that will be implemented from 2 July 2018 present a valuable opportunity for child care services to review their business models and operations, to better meet the needs of their children, families and communities. In this context, it is hoped that services will find the Child Care Services Business Support Resource, and associated tools and templates, particularly useful.

While members of the sector have been involved in the development of these resources, it is important to note that each service's operating environment and community is different. Therefore, the ideas included in this resource are not intended to be exhaustive, and not all ideas will apply to all services. Services may also want to look at other aspects of their operations, such as reviewing utilisation of assets, including the sale of unused assets that may have financial value that could be used to grow or otherwise support business operations. This could include unused land, vehicles or other equipment that is no longer needed.

Child care services are already engaged in continuous improvement activities, including those that apply under the National Quality Framework. In considering your child care service in the context of the new arrangements, the National Quality Framework may also provide ideas to improve quality and flexibility, to enable your service to better support the needs of families.

Your peak body may also be able to provide you with information and link you to other tools, resources, and networks that may be relevant to your service.

The department will work with child care services, families, peak bodies and other key stakeholders over coming months to provide support and information going forward. Remember to regularly check the department's website for updates, as well as for information on any other activities and resources that will be available to support service transition.

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