

# Sydney suburbs are oversupplied with childcare places: long day care industry <sup>[1]</sup>

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## EXCERPTS

The childcare industry says there is an oversupply of childcare in the inner-city and middle-ring suburbs of Sydney, in news that will surprise parents stuck on waiting lists for the hours they need.

The claim is in stark contrast to warnings from the federal Opposition which says the population boom is driving a national childcare shortage set to worsen over the next three years.

But the peak body for private long day care, the Australian Childcare Alliance, says the oversupply is both real and widespread.

It has surprised early childhood education advocates by declaring that a competitive market approach does not work, and called for the government to manage supply by centrally planning the location of childcare centres the way it does for schools and aged care facilities.

The alliance crunched the numbers of childcare places in existing long day care centres and new ones opening soon under approved DAs, comparing supply with projected population growth.

It found that 16 NSW council areas are already over-supplied, including Lane Cove, Randwick, Ryde, Sutherland, Sydney, Warringah, Willoughby, Woollahra, Ashfield and Auburn; and that a further 12 are at risk of oversupply in the near future.

But it concedes there are shortages in "discrete minority areas", specifically Blacktown, Burwood, Campbelltown, Liverpool, Mosman, North Sydney, Parramatta and Penrith.

Alliance CEO Chiang Lim said operators were squeezed by over-regulation on the one hand around high staffing ratios and National Quality Framework requirements, and an overly free-market approach to where centres can locate, on the other.

"If the government is going to allow the market to take its course there will be a lot of new services that will be opened but it will be a lose-lose. The new services will open under-capacity straight away, thereby threatening their financial capacity from day one; and the existing services will also lose because they will have children go to the new services," he said.

He said there were centres already struggling to be viable where capacity was under 80 per cent, and that some had closed, but he could not name them.

In some places where parents experience shortages, that might be driven by their choice of days, he said.

"What we're seeing is parents are asking for one day or two days, everyone is trying to compete for those popular days," Mr Lim said. "But as a business you have to structure for a five-day operation."

Ironically it was the alliance that initially lobbied the NSW government to overhaul planning laws around childcare centres to cut development application approval times of up to 53 weeks.

That led the government to develop the Draft State Environmental Planning Policy (Educational Establishments and Childcare Facilities) 2017, to speed up the delivery of new services. It would streamline planning rules and scrap local council's proximity rules that prevent new centres opening up close to existing ones.

But the alliance fears the draft law would be "too successful" in promoting supply, without paying sufficient attention to demand.

The childcare services industry made almost \$1 billion in profit in 2015-16, according to IBISWorld, more than one-eighth of what Australian taxpayers paid in fee subsidies. There are big corporate operators, but the alliance says 83 per cent of approved providers operate only one service, and they are the ones that would be squeezed out by the new planning laws.

Carol Burgess from Early Childhood Australia, a national not-for-profit advocacy group, said a competitive market approach was not delivering and the NSW government's plans would make that worse.

"Ideally every child and family in NSW should have easy access to quality affordable early childhood education. Currently in NSW provision of childcare and early learning is based on a competitive market which unfortunately has resulted in uneven distribution with some areas over-supplied and others under-supplied," she said.

"Unfortunately the proposed 'streamlining process' does not address this uneven supply of childcare places."

A planning department spokeswoman said the government was considering all submissions before the policy was finalised.

"As Sydney is experiencing growth, there is increasing demand for new and upgraded schools and child care centres in Sydney and across NSW. The draft SEPP aims to facilitate development to meet this demand while providing high-quality educational facilities."

-reprinted from The Sydney Morning Herald

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