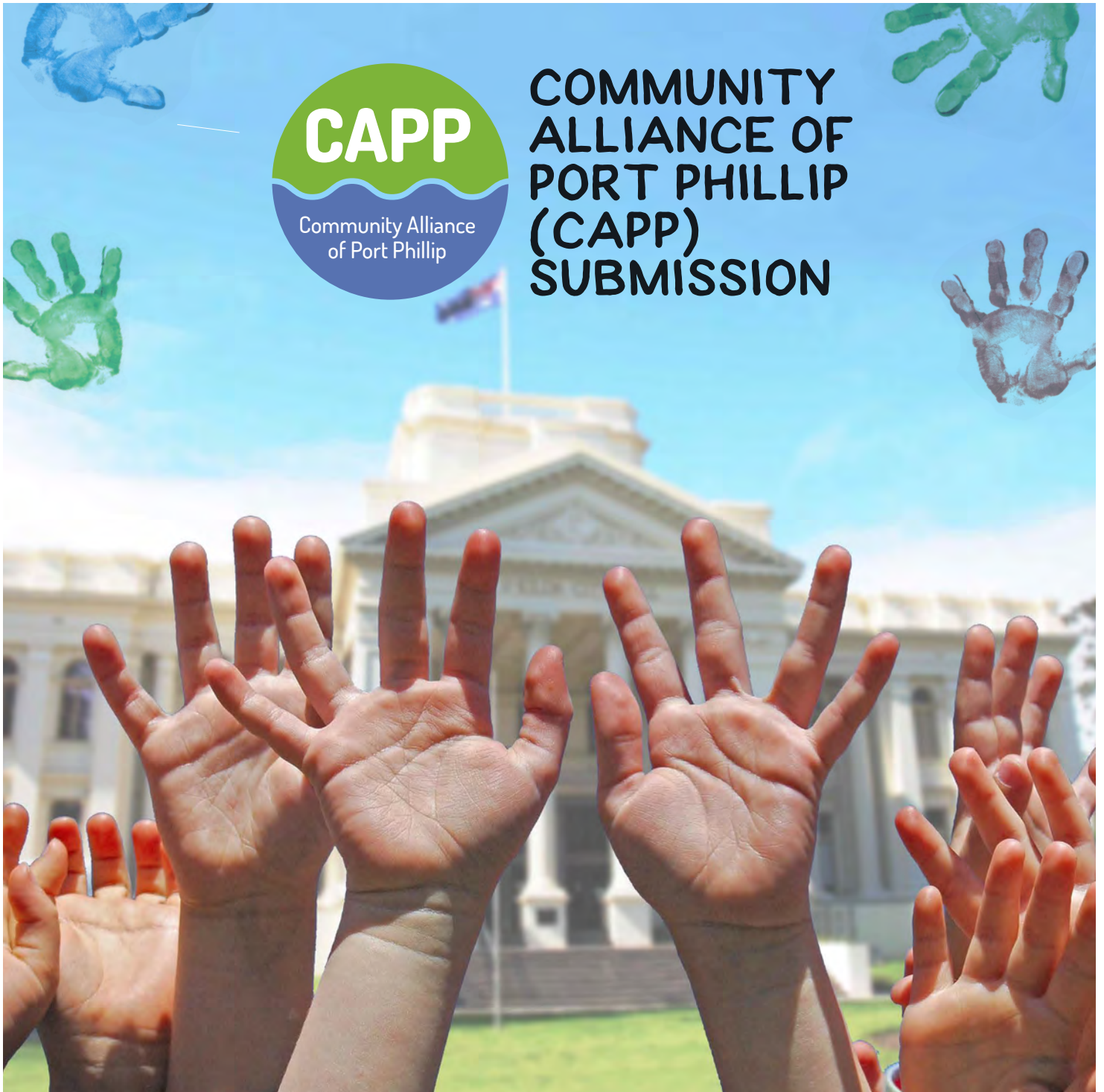


EVERY CHILD
OVER FUTURE



COMMUNITY
ALLIANCE OF
PORT PHILLIP
(CAPP)
SUBMISSION



EVERY CHILD OUR FUTURE

Community Alliance of Port Phillip (CAPP) Submission

The Community Alliance of Port Phillip believes that “Council should continue to directly provide children’s services to the community and support and resource community managed services including childcare centres, kindergartens, after school care and holiday programs.” (CAPP 2017 Policy Framework, page 15)

CAPP policy also states that Council should: “Consult in a genuine way with staff of children’s services, management committees and parents before amending or developing new and existing policies and practices.”

CAPP is unconvinced that genuine consultation has been achieved, particularly in light of the recommendation of the Children’s Services Reference Group that a diversity of childcare services should be supported, including council run and community managed child care services.

This Submission will make a number of general comments but will concentrate on Policy Option Three and the issue of National Competition Policy

CAPP supports the clear rationale for the development of the Children’s Services Policy and the need for Council to continue the provision of its current services. For this rationale we particularly refer to the following sections:

- Why do we need a Children’s Service Policy
 - The First 1000 days
 - The Effect of Disadvantage on Early Year’s Development
 - Barriers to access for Vulnerable and Disadvantaged Children and families.

We strongly support universal service provision with extra support to centres for their care of vulnerable families, rather than targeted services. Universal provision is what the Evidence Review prepared for CoPP by the Murdoch Children’s Research Institute says provides the best outcomes for vulnerable families. Universal services also provide better opportunities for integration with other community services provided by Council and other service providers such as maternal and child health, Star Health etc..

CAPP also notes that Council recognises the importance of Children’s Services not just for the children, but for the whole community, and we quote: “In addition to the impact on children living in Port Phillip, investment in quality early years’ services has a long-term economic impact for our local communities, as quality early years’ services contribute to the economy with their facilities, employment and training enable parents to participate in the workforce.”

After reading the full document, CAPP is somewhat bewildered as to how this rationale was then translated into the specific policy recommendations.

CAPP notes the commentary on the State Government Compact Agreement includes the observation that “in addition to Council’s responsibility as planners, they also have responsibility for coordination and delivery of service for children and families.”

CAPP would like to understand how the Compact Agreement requirements feed into the recommended policy options. CAPP recommends that the community should be provided with a report on how any change to child care provisions will comply with the Compact requirements. CAPP is particularly interested in how the Compact Agreement outcomes:

- Families feel well supported by high quality inclusive services for children and families in the early years; and
- Vulnerability: location and disadvantage do not determine outcomes for young children

will be addressed in the new Children’s Services Policy.

Policy Objective Three – *Early years’ services will be financially sustainable and consistently aligned with relevant policies and legislation at the local state and federal level.*

The Paper states on page 24 that “National Competition Policy (NCP) is an important consideration guiding the selection of options outlined in this Policy Options Paper. Further, the process of collecting and analysing the data to assess NCP compliance highlighted a number of areas where potential improvements need to be addressed”. If this was the case, has the Council implemented any of these improvements?

In the section on Where Council needs to Focus? On page 44 the second dot point states that “Council should be compliant and seek competitive neutrality in its business operations.”

CAPP questions the importance placed on the application of NCP in guiding policy options. However, CAPP does understand that NCP is a complaints based process and that in order to avoid a complaint CoPP does need to undertake analysis.

CAPP notes that NCP does not cover not for profit entities and so the community managed centres are excluded from the requirement to comply with National Competition Policy.

On page 24 we are informed that in 2017/18 Council conducted a financial assessment to evaluate Council subsidies in accordance with guidelines provided by the Office of the Commissioner for Better Regulation. This assessment based on four Council run childcares services shows that Council subsidised these centres.

However the application of National Competition Policy requires more than a financial assessment it requires Council to follow a four step process (Attachment 1):

Step 1 – Are the activities a significant business?

Step 2 – Assess the benefits and costs of introducing competitive neutrality policy measures.

Step 3—Public Interest Test

Step 4— Implement CN measure if required

CAPP is of view that once this assessment is complete, particularly the public interest test, it will be found that it is **not** in the public interest to apply National Competition Policy to Council's direct provision of childcare services.

Public interest

In establishing public interest CAPP believes that the following needs to be recognised:

- Provision of early year's services is an essential service from an equity perspective and for community development as it increases involvement in the community and workforce participation. There are economic and social benefits to the City that should be articulated.
- CAPP notes that on page 40 of the document it is stated that whilst there is now an established market for early childhood education and care services in Port Phillip the document recognises that there are certain market failures. It is CAPP's contention that only Council's direct service provision and support for not-for-profit services will alleviate these failures.
- In establishing policy the Council should be cognisant of the effect on the community of individual market failure if there is no Council provision. There is no guarantee if Council were to discontinue direct service provision that not-for-profit community providers would be able to take over management of the services. Markets do not support equitable distribution of services and so CoPP will be less able to achieve Policy Objective One if it is not a direct service provider. There are also indications that the market model is not sustainable due to the high rents requested of providers by landlords, something which inevitably leads to higher fees. The corporate collapse of the ABC childcare centres which left many families and workers stranded some years ago demonstrated the problems that arise when childcare services are provided 'for profit' and Council should stand strongly in support of public and community not-for-profit provision of all early childhood services, including childcare.

Finally when being asked to change essential services Council must be provided with a full analysis of all the issues. It is not good enough to suggest a major change to the provision of an essential service to the community by presenting five options with no analysis of the associated risks and benefits for each of them.

Conclusion

CAPP is unconvinced that genuine consultation has been achieved, particularly in light of the recommendation of the Children's Services Reference Group that a diversity of childcare services should be supported, including Council run and community managed child care services.

It is CAPP's view that that there is not enough endorsement of the procedures to date to offer support to the policy proposals.

CAPP recognises that the overall direction of the report favours continuing with the various support services directed at children including play, maternal health, adventure playgrounds kindergarten, etc.

However it is CAPP's view that Council's on-going involvement/responsibility for delivery of day care is probably the area of childhood intervention which is most relevant in addressing issues of childhood vulnerability. A Council run service can most easily adapt its service delivery model to ensuring those with the greatest need are provided with the highest level of service. However in doing so it needs to be both committed and agile and able to overcome the following areas of conflict:

- It is contested because shared responsibilities allow slippage
- It is contested because it is expensive
- It is contested because it is complex
- It is contested because there is no agreement as to whether it should be considered a universal service or should be directed to those with the greatest need.
- It is contested because a model that concentrates on high need children may not be in children's, families' and the community's best interests

It should not be competition policy that leads the debate on what is in the public interest of the community but the needs of the community itself.

CAPP would like to see concentration on resolving these key issues before a final position is reached.

Finally CAPP believes that the CoPP should not make any decision regarding the future provision of childcare due to the significant policy announcements made by the Federal Labor Opposition, including relating to the Child Care Subsidy and early childhood educator pay. If there is a change of government federally there will be significant policy ramifications that the CoPP needs to understand before setting a new Children's Services Strategy.

CAPP recommends that Councillors take a strong stand in support of continued direct provision of childcare.

Attachment 1: National Competition Policy / Competitive Neutrality)

The Victorian government says the following on **National competition Policy (Competitive Neutrality Policy)**:

*Under the Competition Principles Agreement, Victoria is obliged to apply competitive neutrality policy and principles to all significant business activities undertaken by government agencies and local governments. The Victorian Government will fulfil this obligation and also meet its wider responsibility to the community **by requiring competitive neutrality be applied only where it is in the public interest to do so.** [our emphasis]*

Competitive Neutrality Policy Victoria (CN Policy) sets out the new Victorian approach to competitive neutrality.

*Competitive neutrality involves achieving a fair market environment by removing or offsetting any competitive advantages or disadvantages due to public ownership of the government business. However, **competitive neutrality does not override the range of social, environmental, economic and regional responsibilities of Government agencies, which must be taken into account in determining whether the application of CN Policy is in the public interest.** [our emphasis]*

The Commissioner for Better Regulation considers Competitive Neutrality complaints and the Office of the Commissioner for Better Regulation (OCBR) supports the Commissioner.

OCBR recommends a four step process to apply the Competitive Neutrality Policy and the below is from their website.

Step 1 – Are the activities a significant business?

Government entities are responsible for determining which of their activities fall within scope of the NCP. The OCBR guidance note identifying significant business activities for competitive neutrality sets out criteria to consider when assessing whether an activity is a significant business for CN purposes.

Step 2 – Assess the benefits and costs of introducing competitive neutrality policy measures.

Step 3—Public Interest Test

In some cases a significant business activity operates in part to achieve social, environmental and other policy objectives. Where the implementation of fully cost-reflective pricing or other CN measures may compromise other public policy objectives. If this is the case a public interest test should be conducted to demonstrate the case for not implementing the measure.

To satisfy CN Policy a public interest test should, at a minimum:

- 1. clearly identify the policy objectives that is to be achieved and ensure that the policy objectives has official endorsement by the Council;*
- 2. demonstrate that the achievement of the stated policy objectives would be compromised if the CN neutrality measure was implemented; and*
- 3. determine the best available means of achieving the overall policy objectives, including an assessment of alternative approaches.*

The public interest test should be undertaken in consultation with the community through an open and transparent process. At the conclusion of the process, the conduct and outcomes of the public interest test should be made publicly available.

Step 4— Implement CN measure

Government entities are required to implement competitive neutrality measure/s to significant business activities where it is in the public interest to do so.

CONTACT:

Ann Byrne

Secretary

atbyrne@bigpond.net.au

0418665521