



Ararat Rural City

Lake Bolac & Surrounds Childcare Demand & Feasibility Study

Final Report

Acknowledgement of Country

The Ararat Rural City Council acknowledges the Traditional Owners, the Eastern Maar, Wadawurrung and the neighbouring First Peoples who for thousands of years have gathered in Buluk (Lake Bolac) during the kuyang (eel) season. We pay our respects to their Elders, past and present, and acknowledge their rich history, culture and continuous connection to Country.

Executive Summary of Findings and Learnings

1. The demand for existing gaps in early childhood education and care in the Lake Bolac & surrounds is more than sufficient to support the establishment of a profitable new centre.
2. The optimal location for a new childcare centre is on existing council-owned land and within close proximity to the Lake Bolac P-12 College and Lake Bolac & District Kindergarten
3. The new childcare centre should be built with additional capacity on top of the demand found in this Feasibility Study. This would future-proof the capital investment and enable it to cater to potential growth in the local population and an increased demand for places.
4. A key challenge will be securing the necessary early childhood education and care workforce to run the new centre. The new childcare provider would have greater likelihood of long term success and viability if it had a demonstrated track record and reputation for delivering quality long day care services and the ability to attract, develop and retain staff locally.

Message of Appreciation

The Ararat Rural City Council would like to thank everyone who supported, contributed to, and took the time to participate in this study.

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Background

Lake Bolac is located in south west Victoria between Ballarat and Hamilton, and 30 minutes south of Ararat. The surrounding region includes the suburbs of Willaura, Mininera, Westmere, Streatham, Nerrin Nerrin, Woorndoo, and Wickliffe. At the 2021 ABS Census, the Lake Bolac and surrounding communities had a total population of 1,409, and 83 children aged 0-4, and 159 children aged 5-14 (see Table 4). When compared with the number of children at the 2016 ABS Census, the number of children aged 0-14 in certain locations had grown significantly, for example Lake Bolac has grown from 46 to 68 (+12), in Westmere the number of children increased from 0 to 11 (+11) and in Woorndoo, the increase is from 22 to 43 (+21). Recent changes to the Child Care Subsidy that came into effect in July 2023 have also made accessing childcare more affordable for many families.

The insufficient amount of childcare places in the Lake Bolac region and the significant challenges this has imposed on families, particularly mothers, has been a very long standing issue. The recent increase the number of children in the region has prompted a series of efforts to address the lack of childcare, these are summarized below.

This Feasibility Study was initiated by the Ararat Rural City Council to attempt to resolve the challenges experienced by previous efforts to secure adequate childcare for the Lake Bolac and surrounding community. This initiative aimed to quantify the demand and what families were able to pay, in order to demonstrate that there was sufficient demand for a financially viable childcare business and to warrant the investment of capital into a fit-for-purpose childcare facility.

Existing Early Years Services

The existing early years services in Lake Bolac include the:

- **Lake Bolac P-12 College** with grades Prep to Year 12.
- **Lake Bolac & District Kindergarten** that delivers mixed age 3 & 4 Year Old Kindergarten on Thursdays and Fridays in 2024 from 8.30am to 4.00pm. The number of days is expected to increase with the roll out of Pre-Prep in the Ararat Rural City from 2025.
- **A Family Day Care** service was established in 2016 in the Lake Bolac P-12 College, providing very much needed childcare places within the community. Family Day Care services may care for up to 7 children at any one time, with no more than 4 children under school age. The demand at the Family Day Care service very quickly exceeded the available places.
- **Maternal & Child Health** nurses have appointments at the Lake Bolac Bush Nursing Centre, 155 Montgomery Street, twice a month.



The Long Journey for Childcare

Throughout this study, many women who raised their children in the Lake Bolac region told their stories of the challenges they experienced in accessing childcare, and employment, as a result. Kasey (above), from the Lake Bolac Diner & Café, had to drive for over two hours each day to and from multiple childcare services in different locations on different days. For a time, her primary school-aged child also had to travel with her on these long, daily, commutes, because there were no other options for her at the time.

There is currently no Outside of School Hours Care service in or around Lake Bolac. The nearest childcare centres are located in Chatsworth (approx. 20 minutes travel time by car from Lake Bolac, open 2 days per week), Mortlake (30 minutes), or Beaufort (45 minutes).

Timeline of Recent Efforts to Address Lack of Childcare

In December 2021, the Lake Bolac P-12 College undertook market research to ascertain the need/demand for childcare in the Lake Bolac and surrounding communities. This market research showed that there was strong demand, but the College encountered challenges with the cost and provision of infrastructure for a long day care childcare service.

In March 2022, in response to community concerns about the provision and access to early years services, including childcare, kindergarten and outside of school hours care (OSHC) – Council launched a survey which sought to better understand Ararat Rural City’s childcare landscape. This survey received 127 responses from residents across the municipality. A disproportionately high number of these responses were received from Lake Bolac (14.7%). With women representing 91.34% of all survey respondents, a strong theme that came through the survey comments was the impact that the lack of childcare access has on the careers of rural women who wish to be empowered with a career, financial stability and independence. These socio-economic impacts can also amplify the city-rural disparity in other areas including health outcomes and exposure to family and domestic violence.

The March 2022 survey found that limited available vacancies (including waitlists), poor access (based on proximity to service), hours of OSHC offered, and staff shortages were issues represented across the entire municipality, but particularly acute in Lake Bolac, Willaura, Moyston and Buangor. The provision and availability of full-time childcare and OSHC were overwhelmingly presented as what is required to meet the needs of local families. In addition, many families with children attending standalone kindergarten programs could not access an equivalent OSHC program (as this service is for school-aged children only). Only those enrolled in long day care that also offers a kindergarten program can access before and after kinder care.

In July 2022, Council carried a motion to engage in extensive advocacy to secure support for solutions to the issues identified in the March 2022 Ararat Childcare Survey results. The Commonwealth Department of Education had available the Community Child Care Fund (CCCF) Limited Supply competitive grant opportunity. The Department of Education identified a list of priority areas that experience particularly high levels of disadvantage in regional and remote areas of Australia, and that are also areas with no or limited approved child care services. Lake Bolac is located in the Statistical Area Level 2 (SA2) of Ararat Surrounds (see Image 1) which did meet these requirements, but did not rank in the Top 200 Priority Areas for the limited supply round. During this period, the State Government announced it would build and run 50 new early learning and childcare centres across Victoria as part of its *Best Start, Best Life* reforms. The final locations of the 50 State Government childcare centres was announced on 5th December 2023. Lake Bolac was, again, overlooked and was not selected as a site for one of the State Government’s childcare centres.



Childcare is not a responsibility of local government, however there are circumstances where local governments may step in to help address market and policy failures. On 6th December 2023, Council began preparations for this Lake Bolac Childcare Demand & Feasibility Study, with the online survey opening on 11th December 2023 and the first community consultation session held on 12th December 2023. The rest of this Study activities and outcomes are provided below.

Image 1 (above). The map of the Ararat Surrounds Statistical Area Level 2.

Government Policy Context

Best Start, Best Life Reforms

The State Government's *Best Start, Best Life Reforms* have so far resulted in the implementation of 15 hours of free kindergarten for 3 and 4 year old children across Victoria, including in Lake Bolac and surrounding areas. From 2025, the Ararat Rural City will be part of 6 local government areas that will transition from 15 hours of 4 Year Old Kindergarten to 30 hours of Pre-Prep for 4 year olds. The 15 hours of kindergarten for 3 year old will remain the same. The kindergarten and Pre-Prep will remain free. Pre-Prep is likely to be delivered over four days, while 3 year olds are expected to continue to access kindergarten over 2 days. The impact of this on a potential childcare service is the reduced demand for a childcare place for 4 year old children. Some families may still require childcare for their 4 year old children on the one day per week that kindergarten is expected to not run. Most of the demand for childcare places in Lake Bolac are in the 0-2 year old age range (see Appendix 1. Community Consultation Survey Summary Report).

The State Government has a range of early childhood infrastructure grants available through the Victorian School Building Authority (VSBA), however these Building Blocks Grants are specifically for kindergarten places. Council has spoken to the VSBA who advised that they do not fund childcare-only infrastructure projects, and the Lake Bolac & District Kindergarten currently has sufficient places to cater to the expected number of 3 and 4 year old children in the short to medium term.

Child Care Subsidy

Since July 2023, the Commonwealth Government's Child Care Subsidy (CCS) rates increased to cover up to 90% of fees for families earning less than \$80,000 per annum, with the percentage gradually decreasing for income above \$80,000 to \$530,000 per annum, where the Standard CCS rate ceases. The CCS rates for the second or younger child in childcare is up to 95%. This reform has made the cost of childcare more affordable for more families and increased the number of families who can access some CCS. There are eligibility criteria that families must meet to access CCS, and the amount of subsidy they can receive depends on a number of criteria.

For families seeking more information, see the following links:

- <https://www.servicesaustralia.gov.au/child-care-subsidy>
- <http://www.startingblocks.gov.au/> - for a CCS calculator.



Image 2 (left). Many young families have moved into the Lake Bolac region and would like to be able to access childcare locally.

Potential Future Directions

ACCC Childcare Inquiry

The Australian Competition & Consumer Commission conducted an inquiry into the market for the supply of childcare services. The final report was released in January 2024. This Inquiry provided a useful description of the childcare sector in terms of financial viability and other factors that were be considered for assessing the feasibility of a new childcare service in Lake Bolac (see Table 1).

Table 1. Findings from the ACCC Childcare Inquiry were considered as part of the feasibility assessment for this Study.

Finding	Impact on This Feasibility Study
Finding 9: "Land and related costs are the other significant driver of cost for centre based day care providers."	Infrastructure options that involve the purchase of land or that involved additional services connections were not seen as favourable.
Finding 12: "On average, large centre based day care and outside school hours care providers appear to be profitable and financially viable."	This study will recommended one large service instead of multiple smaller Family Day Care services if there is sufficient demand for a centre.
Finding 14 c: "On average, margins are higher: for services with higher quality ratings."	Supporting the establishment of a service with a childcare provider that has a demonstrated record of quality and staff attraction, development and retention may help to ensure the new service is viable over the long term.
Finding 15: "The ability to attract and retain staff is a key determinant of perceived quality, which affects the profitability and viability of a service."	

The above Inquiry also makes a number of Recommendations which may impact on a new childcare centre in the future, these are summarized below:

- Recommendation 2: changes to the Child Care Subsidy (CCS) to more closely reflect the input costs relevant to the delivery of childcare services, and modifying the CCS activity test to remove potential barriers for disadvantaged children.
- Recommendation 6: addressing barriers that may be prevent First Nations households from access CCS and other childcare entitlements, and
- Recommendation 7: consideration for a market stewardship role for government, with a key role of stewards being e identifying under-served or unserved markets and cohorts of childcare users.



Image 3 (left). Nanny with children at the local library.

A number of families in the Lake Bolac region have hired private nannies to enable the parents to pursue their career aspirations and provide for their families financially.

The impact of the implementation of Recommendations 2 and 6 would be increased access and demand for childcare services from disadvantaged and First Nations families. Recommendation 7 is similar to the role that the Ararat Rural City Council has taken in in this study.

The Commonwealth Government will consider the above ACCC Childcare Inquiry report and its recommendations alongside the Productivity Commission Inquiry into Early Childhood Education and Care (summary below), which is due to be finalised by 30 June 2024.

Productivity Commission Inquiry into Early Childhood Education and Care

The above Productivity Commission Inquiry Terms of Reference included the exploration of the early childhood education and care system for affordability, access, workforce and benefits for children especially children from disadvantaged backgrounds. The draft report, titled “A path to universal early childhood education and care”, was released in November 2023. It contained a number of draft findings and recommendations that support the introduction of universal access to 30 hours or three days a week of quality early childhood education and care for all children aged 0-5 years whose families wish for them to participate. The draft recommendations included changes to funding arrangements for providers, greater support for the workforce and for access early childhood training and qualifications, and improving affordability and access for households.

The final report is due to the Commonwealth Government by 30 June 2024. Any changes to the early childhood education and care system would still depend on adoption and implementation of the recommendations by the Commonwealth Government.

Feasibility Study Methodology

This project undertook a series of investigations to determine viable models of early childhood education and care for the Lake Bolac and surrounding communities. These are summarized in Table 2 below.



Image 4 (above). Access to childcare would enable, and help attract and retain, key workers to the Lake Bolac region.

Table 2. Key questions investigated in this Feasibility Study and the methodology and considerations

Area	Key Questions	Method of Investigation or Considerations
Demand & Care Type	1. How many children need early childhood education and care, and what type of care do they need?	a) Community consultations and survey of families and households who require early childhood education and care in Lake Bolac & surrounding areas.
	2. What fees are families able to pay?	b) Review population trends over time
	3. What type/s of care would best meet the level of demand identified?	a) Review of childcare types and limitations, eg. limits of places or ages for different types of care
Location & Facilities	4. Where might be the ideal location/s?	a) Identify potential facilities in the region and undertake site inspections to assess the conditions, where possible.
	5. Should an existing facility be refurbished, or should a new facility be built?	b) Obtain cost estimates for the construction of new facilities and compare refurbishing an existing facility vs building new.
Workforce	6. Does Lake Bolac & surrounds have the workforce available to operate a new childcare service?	a) How many staff might be needed? b) What is the existing workforce in the Lake Bolac region?
Feasibility	7. Is it viable to establish a new childcare service?	c) Quantify the probably income and expenses. State the assumptions.

Population Data

Childcare Demand from Families Survey

A summary of the demand for childcare places is provided in Table 3 below. This data is from feedback and survey responses from the Lake Bolac and surrounding communities, obtained over the period from December 2023 to January 2024. Further details are available in Appendix 1. Community Consultation Summary Report.

Table 3. Indicative spread of demand for places over the week

Day	Age 0-2 or Unclear Age	Age 3 to Pre-School Age	Outside of School Hours Care	Minimum Places Needed
Monday	25	9	6	40
Tuesday	28	9 (1 before & after kinder only)	4	41
Wednesday	30	11 (3 before & after kinder only)	6	47
Thursday	26	11 before, 12 after kinder only	4 before, 8 after	46
Friday	24	10 before, 12 after kinder only	6 before, 10 after	46

Census Data 2021 vs 2016

At the 2021 ABS Census, the Lake Bolac and surrounding communities had a population of 83 children aged 0-4, and 159 children aged 5-14 (see Table 4).

Table 4. 2021 ABS Census Population of Children up to age 14 in the Lake Bolac region.

State Suburb	Population 2021 ABS Census			2016 ABS Census
	Aged 0-4	Aged 5-14	Total Aged 0-14	Total Aged 0-14
Lake Bolac	18	50	68 (+12)	46
Mininera	3	6	9 (+2)	7
Nerrin Nerrin	5	6	11 (-2)	13
Streatham	12	27	39 (+1)	38
Westmere	3	8	11 (+11)	0
Wickliffe	5	14	19 (+1)	18
Willaura	24	37	61 (-31)	92
Woorndoo	13	30	43 (+21)	22
TOTAL	83	159	242 (+6)	236

Type of Childcare Service

An education and care service is any service providing or intended to provide education and care on a regular basis to children under 13 years of age. In Victoria, there are primarily four types of childcare¹, these are summarized below. Based on the peak demand of 47 places on Wednesdays (see Table 3, above), the Pros and Cons of each childcare type are discussed.

Long Day Care

Often called 'Early Learning centres' or 'ELCs'. Primarily aimed at 0–6 year olds but can include OSHC services, and is usually based in a centre. Long day care centres typically operate for at least 8 hours a day on normal working days for a minimum of 48 weeks per year. Approved childcare places are limited by the available indoor and outdoor space. Access to educators may also limit the number of children that can be booked in on any given day, based on the child to educator ratios.

Pros: One suitably sized centre can cater to all of the demand. Based on the Findings from the ACCC Childcare Inquiry, a large centre is more likely to be financially viable than small centres.

Cons: An existing facility does not appear to exist in the Lake Bolac region for this purpose.

Outcome: Optimal Childcare Service Type

Occasional Care

This is similar to Long Day Care except the number of hours per day tend to be less and the booking arrangements are less formal. Occasional care is designed to allow parents to get some rest or exercise, or attend an appointment or job interview. Some occasional care centres do not have a meal service or space for naps as their sessions might typically run for one or 2 hours.

Pros: None identified for this situation.

Cons: This care type is insufficient to meet the demand.

Outcome: Not ideal

Family Day Care

Care is provided in the educator's own home, or other facility, and many providers are parents whose children are older and go to school. Some family day care services are administered as a group through a family day care service. There is a limit of up to 7 children at a time, with no more than 4 children under school age.

Pros: No new facilities required if care can be provided in educator's homes

Cons: 11 new Family Day Care services are required to meet demand. This is unlikely to be achieved.

Outcome: Not ideal

¹ Summarised from the Victorian Government website: <https://www.vic.gov.au/types-child-care>

In-home care

A form of early childhood education and care where an educator, often called a nanny or baby sitter, provides care in the child's home.

Pros: This type of care is flexible and can cater to individual family needs

Cons: Not all families can afford a nanny, and potentially over 40 nannies and babysitters might be needed to meet every family's needs, which is unlikely to be achieved.

Outcome: Not ideal

Facilities & Infrastructure

Review of Sites & Locations

A range of potential locations for a long day care centre were identified based on feedback from the community during the community consultation sessions, stakeholder engagement and a desktop review of Council owned/managed facilities in the Lake Bolac region. Site visits were undertaken where possible to assess the existing conditions of each location. Building sizes were estimated based on aerial images and online spatial tools. Table 5 below provides a summary of the findings.

Table 5. Summary of locations considered and their advantages and disadvantages.

Location	Advantages	Disadvantages
Lake Bolac Recreation Reserve, adjacent existing kindergarten (Overall best location)	<ul style="list-style-type: none">• Council owned, freehold• Zoned Township• Large greenfield site with access to power, water, sewerage• Close to school, kinder and other community and recreation facilities suitable for excursions	<ul style="list-style-type: none">• New building required, however cost may be on par with the cost of extensive renovations to other existing building options.
Lake Bolac P-12 College	<ul style="list-style-type: none">• Current location of a Family Day Care service• Gallery building could be used for OSHC services during school terms	<ul style="list-style-type: none">• Existing Family Day Care building requires extensive renovations to comply with childcare requirements.• College has no other suitable buildings available for a childcare service.• Gallery may not be available to run OSHC services during school holidays
Former Streatham Primary School	<ul style="list-style-type: none">• Previous educational building	<ul style="list-style-type: none">• Existing building is approx. 400m² and requires extensive renovations to comply with childcare requirements.• No other suitable buildings on site for a pre-school aged childcare service.
Streatham Maternal and Child Health building	<ul style="list-style-type: none">• Under-utilised building	<ul style="list-style-type: none">• Building is too small• Property is Zoned Public Use Zone – Local Government
Former Westmere Kindergarten building	<ul style="list-style-type: none">• Disused building, designed for children	<ul style="list-style-type: none">• Building is approx. 280m² would require extensive renovations• Isolated from other services and community facilities
Willaura & District Kindergarten building	<ul style="list-style-type: none">• Existing facility designed for children	<ul style="list-style-type: none">• Building is approx. 180m² and is too small to fit a childcare service in the same building with the kindergarten



Image 5 (above). Lake Bolac Recreation Reserve, land next door to the kindergarten, January 2024.

Infrastructure & Cost Estimates

Childcare centres are required to meet indoor and outdoor space requirements². For the purposes of this aspect of this study, an area schedule for a new childcare centre was estimated based on 65 Licenced Places. Based on this, the minimum required building size would need to be 433m² and the minimum outdoor area would be 500m² (see Table 6).

Table 6. Estimated minimum area schedule based on 65 Licenced Places.

#	Description	Area (m ²)	Comments/Assumptions
1	Unencumbered indoor play space	211.25	Minimum requirement is 3.25m ² per place
2	Passageway or thoroughfare	30	Allow
3	Toilet, nappy & hygiene facilities	60	Allow
4	Area for preparing bottles	10	Allow
5	Cots and baby sleep area	15	Allow
6	Internal storage, cleaners, services	19.75	Allow
7	Staff rooms, amenities & facilities	50	Allow
8	Kitchen	25	Allow
9	Family or allied health meeting room	12	Allow
10	SUB-TOTAL BUILDING AREA	433	
11	Unencumbered outdoor play space	455	Minimum requirement is 7m ² per place
12	Pathways, steps and ramps	15	Allow
13	Outdoor storage shed	15	Allow
14	Fencing and hedging	15	Allow
15	Carparking	-	Excluded. 26 spaces required ³ . Mix of on site and on street parking to be considered
16	SUB-TOTAL OUTDOOR AREA	500	
17	TOTAL AREA SCHEDULE	933	

² Indoor and outdoor space requirements for childcare centres obtained from: <https://www.vic.gov.au/space-requirements-early-childhood-service>

³ As per the Ararat Planning Scheme ordinance 52.06

The cost to renovate an existing building is estimated to be minimum of \$4,000 per m², based on recent actual rates and cost estimates obtained by the Ararat Rural City Council for similar building renovation works. Only the former Streatham Primary School building is potentially large enough (approx. 400m²) to accommodate a childcare centre with 65 Licenced Places, and is estimated to cost a minimum of \$1.6 million for the building works.

Modern modular buildings can provide good quality childcare facilities at relatively low cost. The useful life of modular buildings can also be long lived if they are constructed to a good standard and not relocated. The price range for an affordable new modular childcare centre ranges from \$3540 to \$4,320 per m², which is comparable to the cost of refurbishing an existing building. The estimated cost range for a new 433 modular building ranges from approx. \$1.53 million to \$1.87 million.

The outdoor area at the former school is comparable to a greenfield site, and is therefore expected to be similar in cost to a new centre.

Since the cost to renovate the former primary school is comparable to the cost to construct a new facility, and a new facility can be located at the optimal location near the Lake Bolac P-12 College and existing kindergarten whereas the former primary school is not, preference is given to the construction of a new facility in Lake Bolac.

Workforce

The workforce required is estimated to be a minimum of 10 (headcount) to meet educator:child ratios during the period of highest demand on Wednesdays, this includes 1 additional headcount to allow for staff lunch breaks, etc. An additional person to work as a cook is also expected to be required, as well as additional part time and casuals staff to cover for periods of annual, personal leave, etc.

The National Quality Framework sets out the minimum educator qualification requirements for staff in centre-based services. The centre must have at least 1 bachelor or equivalent qualified Early Childhood Teacher (ECT), and at least 50% of the educators working at any given moment must be diploma level qualified or higher (including the ECT). Staff may be counted if they are considered to be 'actively working towards' this qualification. All other educators must be Certificate 3 level qualified, or 'actively working towards' this qualification. The 10 staff required during the peak period of demand would therefore need to be composed of at least 5 diploma or bachelor qualified staff and 5 Cert 3 staff (or equivalent or 'actively working towards').

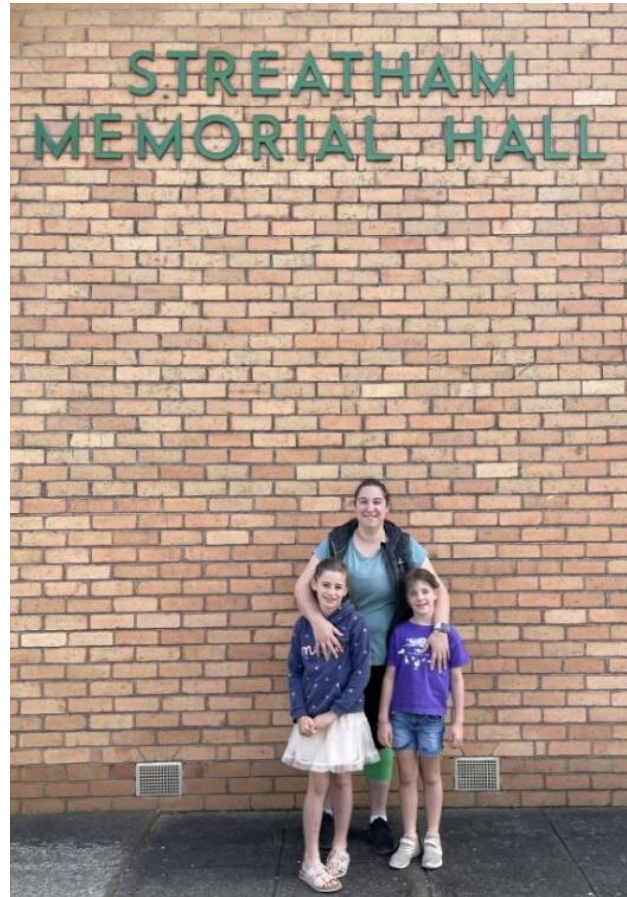


Image 6 (above). Community consultation sessions were held in Lake Bolac and surrounding areas, including Streatham, Willaura, Mininera and Wickliffe.

Based on community consultation conversations and a desktop review of the existing local services, the number of the existing early childhood education and care workforce in the Lake Bolac and surrounding areas is estimated to be 7 (headcount). This excludes Lake Bolac P-12 College teachers. Almost all of the existing workforce is predicted to remain in their current roles and would therefore not be available to fill positions made available by a new childcare centre.

Securing the workforce to operate the new centre is an issue that will need to be addressed. However, an analysis of early childhood education and care workforce challenges and solutions is not within the scope of this project. The Ararat Rural City Council have received support from the Victorian Government to undertake this work in a separate project. Please refer to the Council's Engage website⁴ for further information on the Early Childhood Education and Care Workforce Plan.

Feasibility of a New Lake Bolac Childcare Centre

The financial viability of operating a childcare centre in Lake Bolac was tested and this study found that the childcare centre would have a healthy profit margin, based on the information below:

- The demand found in this study
- The rates of childcare fees that local families were able to afford
- The potential cost to build a new centre and the likely expected return on investment as rent/lease costs
- The likely operating expenses of running a centre, including wages, consumables, and professional development and training for staff.

The following assumptions were made in the analysis:

1. That the centre is able to employ the required workforce to meet the educator:child ratio requirements for all children who need care at the times specified by survey respondents.
2. That the Outside of School Hours Care service was located within the childcare centre, and the educator:child ratio requirements were shared with the pre-school aged children.
3. That 2 staff will commence work at 6.15am to turn on and open the centre, and a minimum of 2 staff will be working at any given time between the hours of 6.30am to 6.30pm.
4. That the centre was open all year round, ie not closed over the Christmas/New Year period and that demand remained consistent throughout the year.

Potential childcare providers are encouraged to undertake their own analysis of the financial viability of operating a centre in Lake Bolac, based on the information presented in this study.

⁴ Website link: <https://engage.ararat.vic.gov.au/>