

CHILDCARE NEEDS ASSESSMENT

PROPOSED DEVELOPMENT SITE
LOT 1101 HEREFORD HILL
LOCHINVAR NSW 2321



Business Geographics Pty Ltd
ABN 58 598 868 634
1/149 Boundary Road, Bardon QLD 4065
PO Box 838, Paddington QLD 4064
Ph: +61 7 3118 5036

www.businessgeographics.com.au

REPORT PREPARED BY BUSINESS GEOGRAPHICS PTY LTD FOR:

Lochinvar Child Care

APRIL 2021

TABLE OF CONTENTS

IMPORTANT INFORMATION

This report represents an assessment of the need for long day care services in the study area only and should not be interpreted as an assessment of the commercial feasibility for centre development, acquisition or disposal. Information and assumptions used in this report are subject to change and should not be interpreted as precise predictions of the demographic future nor of future market conditions.

While all due care has been taken to ensure the accuracy and currency of information provided in this report, it should not be relied upon in isolation for the making of business decisions. Interested parties should undertake independent inquiries and investigations to satisfy themselves that relevant information remains current, comprehensive and correct.

Business Geographics Pty Ltd does not accept any responsibility for errors or omissions, nor is it liable for loss, damage or liability arising, directly or indirectly, from errors, omissions, inaccuracies or any misleading or out of date information contained in this report.

INTRODUCTION	2
Long Day Care in Australia	2
EXECUTIVE SUMMARY	3
SUMMARY OF KEY STATISTICAL INDICATORS.....	5
SITE CONTEXT.....	6
MAP OF MAJOR CATCHMENT AREA	7
POPULATION & DEMOGRAPHICS	8
RESIDENTIAL DEVELOPMENT INDICATORS.....	10
KEY DEMOGRAPHIC INDICATORS.....	11
WORKING POPULATION.....	12
JOURNEY TO WORK.....	13
SUPPLY ANALYSIS	14
SUPPLY TABLE – LONG DAY CARE CENTRES.....	15
DEMAND INDICATORS	16
Children Aged Under 5	16
Female Labour Force Participation Rate	17
Child Care Expenditure.....	18
Population Growth.....	19
DEMAND TABLE	20
NEEDS ASSESSMENT – LONG DAY CARE	21
APPENDIX 1 -Terms used in this report	23



INTRODUCTION

This Childcare Needs Assessment has been prepared for Lochinvar Child Care to determine the demand for long day care services in LOCHINVAR, NEW SOUTH WALES - specifically in relation to a proposed long day care centre located at Lot 1101 Hereford Hill, Lochinvar NSW 2321.

This report provides a review of existing childcare facilities (supply) in the local catchment area including estimates of occupancy rates and fees for existing centres; estimates of demand for long day care from the resident population; and a demographic profile of the local area. It also provides an analysis of key drivers for childcare and an assessment of the extent to which the existing supply is meeting current levels of demand.

This report should be read in conjunction with Appendix 1 which explains the terms and concepts used in the report.

Long Day Care in Australia

Long Day Care is a centre-based form of childcare service that provides all day care for children of (typically) working families. Long Day Care centres may be run by private operators, not-for-profit organisations, employers and community groups. Most long day care centres are approved childcare services that are entitled to receive the Australian Government's Child Care Benefit on behalf of families. Many long day care services also offer Kindergarten and Pre-school programs.

Long Day Care has become a significant social service as it is seen as both a mechanism to support labour force participation and as an important form of early learning and education. The sector has seen dramatic growth over recent years. Currently, there are over half-a-million children attending approved long day care centres in Australia. According to the Department of Education, Skills and Employment (DESE), approximately 92% of children who attend long day care are under the age of 5.

According to the Office of Early Childhood Education & Child Care, at a national level there is sufficient childcare available and supply is largely meeting demand. However, it's important to note that there are some significant regional variations to this with supply exceeding demand in some areas and demand not being met by existing levels of supply in others. Additionally, the supply of nursery places (for babies and toddlers under the age of two) is typically more restricted in most local markets.

This report relies on some statistical benchmarks and assumptions derived from latest **Report on Government Services (2020) prepared by the Productivity Commission (Volume B Chapter 3 Early Education & Care)**. In particular, this includes an estimated national long day care participation rate of 45% for children aged under 5. This benchmark varies from state to state and region to region. In addition, it is estimated that the average attendance rate (the amount of time children who attend long day care spend there) is 28 hours per week.

EXECUTIVE SUMMARY

An overview of key statistical indicators of the Lochinvar long day care market.

LOCATION

PAGE 8



The subject site is located in the suburb of Lochinvar in the City of Maitland local government area, approximately 11km west of the regional centre of Maitland.

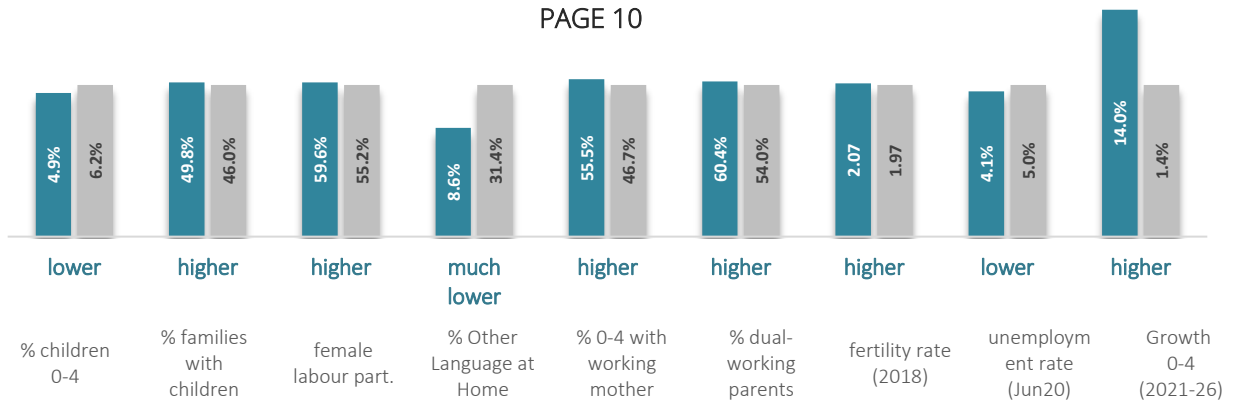
2021 POPULATION

PAGE 8



DEMOGRAPHIC INDICATORS

PAGE 10



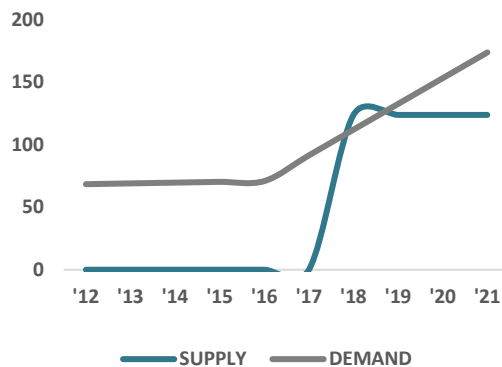
(Compared to New South Wales averages)

SUPPLY

PAGE 14

There is currently only one (1) long day care centre in the major catchment supplying a total of 124 licensed places.

SUPPLY & DEMAND



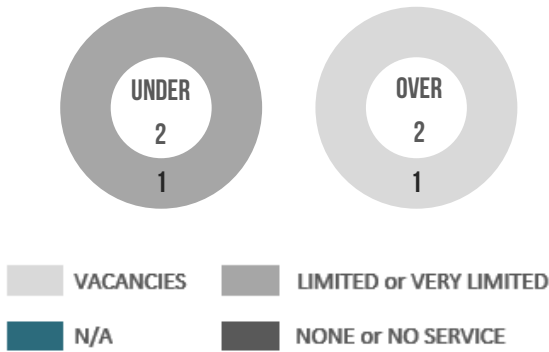
DEMAND

PAGE 20

Demand for approx. 71 places each day originates in the major catchment, based on an assumed Participation Rate of 55%. Additional demand of 25 places per day flows into the local area from elsewhere.

REPORTED OCCUPANCY

PAGE 14



NEEDS ASSESSMENT

PAGE 21

At present (April 2021), there is only one (1) long day care centre in the major catchment supplying a total of 124 places to a market of 214 children under 5. This represents a well-supplied ratio of 1.7 children per childcare place.

St Nicholas EE Lochinvar currently reports Vacancies for children over 2 and Limited Vacancies for nursery and toddler places (<2 years). With only one childcare centre in the local area, the availability of childcare is restricted.

St Nicholas EE Lochinvar has a close association with the local catholic primary and secondary schools and was established in 2018 in order to provide a smooth transitional pathway for children from their early years at school. This centre therefore primarily services the broader catholic school community and draws enrolments from a larger catchment (ie beyond the immediate local area).

It's Business Geographic's view that in order to provide additional choice and amenity to local residents, and service the forecast growth in demand in Lochinvar, additional childcare is needed. Importantly, no other childcare developments are proposed for Lochinvar to meet this need.

The proposed development is ideally located within the Hereford Hill Estate and close to three (3) growing schools.

At current forecasts, it's estimated Lochinvar could support an additional 90 – 110 places to 2031. An increase in supply of this order would be supportable without having significant negative impacts on the existing supply network. That said, demand (and need) is forecast to continue to grow beyond the forecast horizon and therefore a larger increase in supply would be supportable over the longer-term.

The development of a new childcare centre at the subject site would greatly improve childcare choice, availability and amenity. Any impacts on the existing St Nicholas EE would be expected to be minor, ameliorated over time and outweighed by the positive economic benefits to the local community of improved local childcare options.

DEVELOPMENT ACTIVITY

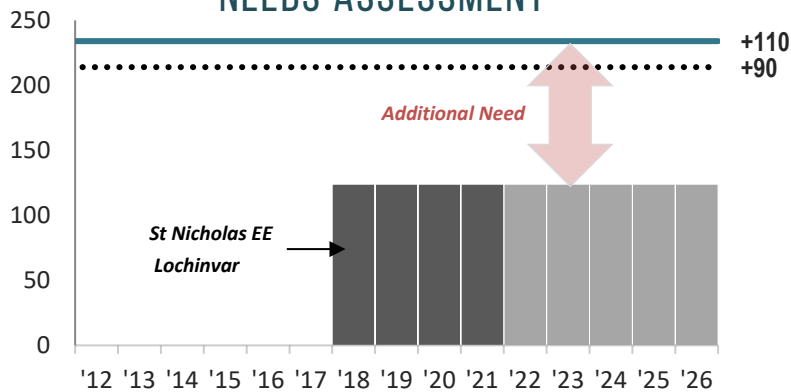
PAGE 5

A limited online search for childcare development applications and/or approvals returned INCONCLUSIVE RESULTS (ie. None Found).

However, due to the growing residential development occurring it is possible that other childcare is planned in LOCHINVAR.

It is unknown if any other applications or approvals exist and interested parties should monitor the market and undertake their own inquiries.

NEEDS ASSESSMENT



LEGEND

Existing Supply

■ No. Licensed Places

Future Supply

■ Proposed Places

Needs Assessment 2026

..... Low Forecast

— High Forecast

SUMMARY OF KEY STATISTICAL INDICATORS

Table 1 summarises some of the key statistical indicators from the report that describe the long day care market in the study area. It provides a quick overview of key information provided in the report.

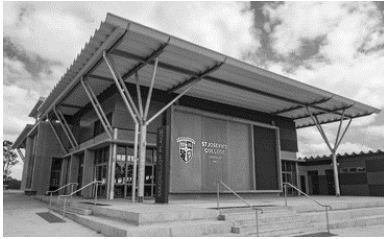
----- KEY STATISTICAL INDICATORS -----		
DEMAND INDICATORS	CATCHMENT	NSW AVERAGE
Total Population (2021)	3,235	
Children Aged Under 5 (%)	214 (6.61%)	6.22%
Historical Growth 2011-2016 (Under 5)	+7 children (1.08% p.a.)	0.28% p.a.
Historical Growth 2016-2021 (Under 5)	+77 children (11.24%)	
Forecast Growth 2021-2031 (Under 5)	+237 (11.07% p.a.)	1.43% p.a. (preliminary)
Long Day Care Participation Rate	55%	45%
Estimated Daily Demand	71	Locally generated demand
Demand Inflows	+25	Non-local demand
Estimated Net Daily Demand	96	Demand serviced locally
SUPPLY INDICATORS		
No. of Long Day Care Centres (2021)	1	
Supply of Long Day Care Places (2021)	124	
Change in Supply 2016 – 2021 (%)	124 new places (+0.0%)	28.1%
Average Daily Fee	\$120	\$112 (2020)
Vacancies at Existing Centres	VACANCIES >2 LIMITED VACANCIES <2	
NEEDS ASSESSMENT		
Average Estimated Occupancy Rate (%)	77.42%	
Ratio of children per LDC place	1.7 : 1	2.9 (2019)
Assessment of Market	SUPPLY RESTRICTION	
Potential Additional Market Need	90 to 110 places to 2031	Assuming participation rate of 55% - 60%
Development Activity ¹	<p>A limited online search has been conducted for childcare development applications and/or approvals within the catchment, returning INCONCLUSIVE RESULTS (ie None Found).</p> <p>It is unknown if any other applications or approvals exist and interested parties should undertake their own inquiries.</p>	

¹ NOTE: Information regarding Development Applications or Approvals should not be interpreted as conclusive. This information is sourced online from third-party sources and its accuracy is not able to be verified by Business Geographics. Development applications/approvals more than 12 months old may not be shown. This information is of course also subject to change. Interested parties may wish to discuss development activity in an area of interest in more detail with the relevant local government authority and/or a consultant town planner.

SITE CONTEXT

The photo below shows the proposed site at Hereford Hill, Lochinvar and an aerial image of the immediate area.

Some points of interest nearby include:



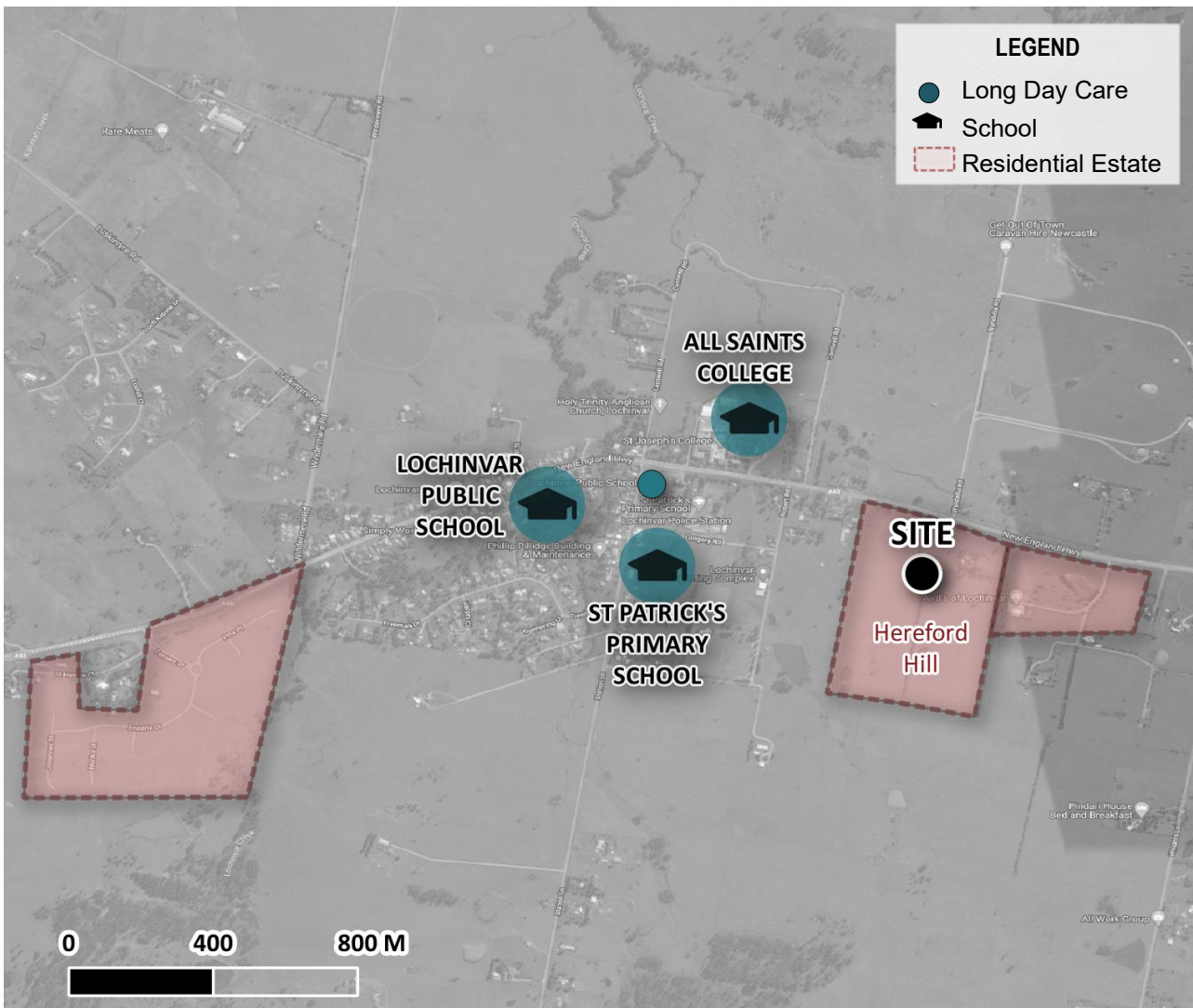
ALL SAINTS COLLEGE



ST PATRICK'S PRIMARY SCHOOL

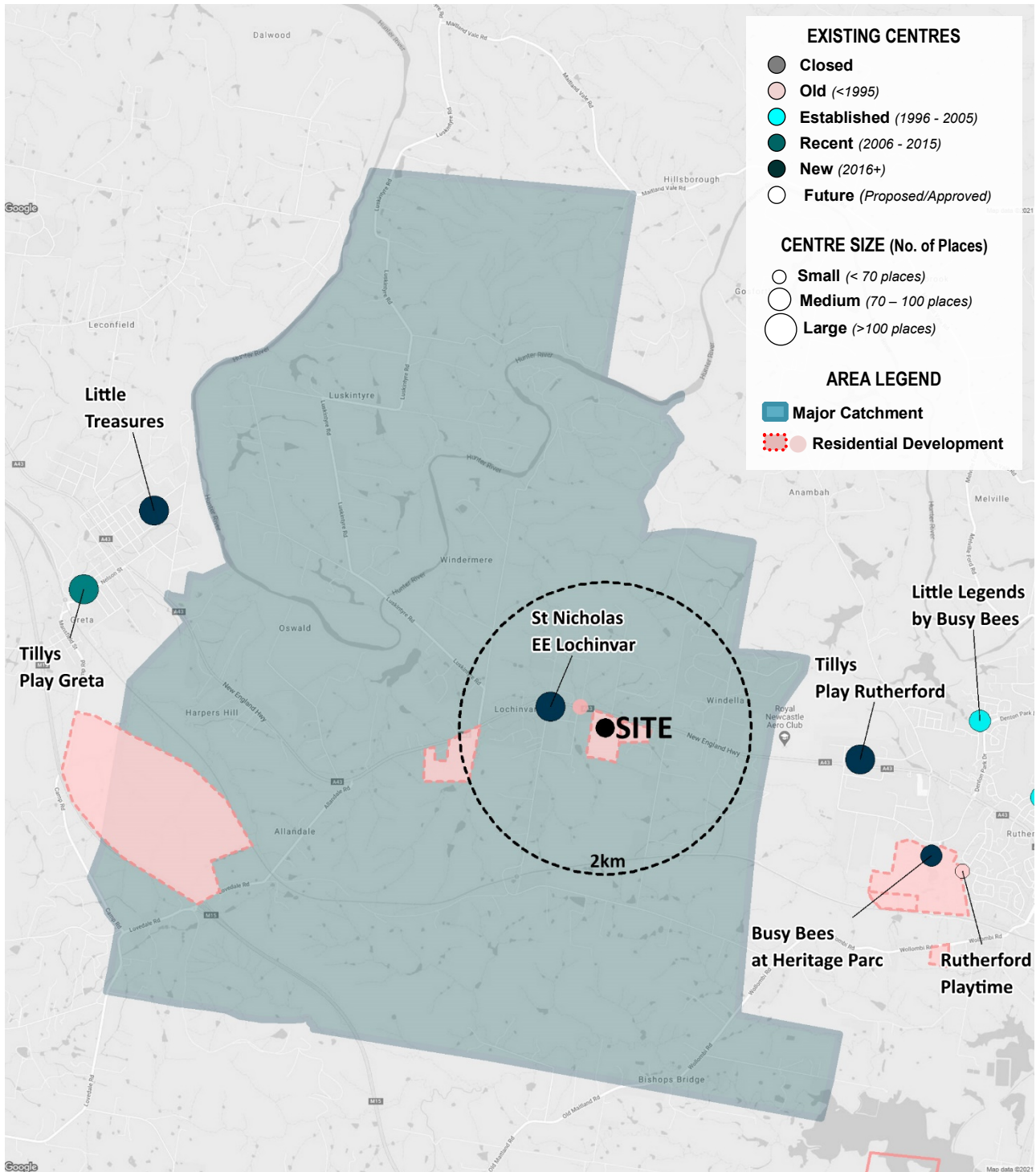


LOCHINVAR PUBLIC SCHOOL



MAP OF MAJOR CATCHMENT AREA

This map shows the major catchment area for the subject site shaded in blue and shows the location of existing long day care centres. The major catchment (or study area) is the area from which an estimated 80%+ of enrolments at the subject site could be expected to originate from. The definition of Catchment Areas is subjective and will differ from site to site depending on the unique geographic characteristics of each site.



POPULATION & DEMOGRAPHICS

This section provides an overview of the key demographic characteristics of the major catchment area and includes historic and current population estimates and projections from 2016 to 2026.

The subject site is located in the suburb of Lochinvar in the City of Maitland local government area, approximately 11km west of the regional centre of Maitland and 132km from the Sydney CBD. Lochinvar is located along the New England highway in the Lower Hunter Valley and is also in close proximity to the expanding industrial area of Rutherford. The major catchment comprises the whole suburbs of Lochinvar, Windella, Windermere, Luskintyre, Oswald, Harpers Hill, Allandale and a portion of Farley, Bishops Bridge, Greta and Lambs Valley.

At present, there are three (3) schools in the catchment - St Patrick's Primary School, Lochinvar Public School and St Joseph's College (secondary) – all within 300m distance of the subject site.

Lochinvar (as well as the major catchment) is a rural locality where land is predominantly undeveloped. Lochinvar has been identified in the Regional Strategy as a key land resource, being one of the largest remaining areas that has relatively few and manageable development constraints. Regionally, the Lochinvar area is also considered to have the function of a transport and service centre for the northern end of the Lower Hunter.

The Lochinvar Structure Plan aims to achieve an urban structure based on a walkable, mixed use town, with capacity for up to 5,000 residential dwellings. Approved developments near the subject site include Hereford Hill Estate Hereford estate (subject site locality – 272 lots); Lochinvar Ridge (113 lots); Arrowfield (99 lots); Lochinvar Downs (330 lots). Another subdivision of approximately 86 hectares of land to the south of Hereford Hill (at 70 Christopher Street, Lochinvar) is also planned for future development.

Other residential developments in the major catchment include the New England Highway Subdivision (1,200 lots), Village of St Helena Subdivision (161 lots) and Anvil Creek Residential & Golf Resort (1,364 dwellings).

The age profile in the major catchment is older than the New South Wales profile, with an average age of 44 (five years over the state average). The catchment is a traditional, family-oriented area, with a higher proportion of married persons, couples with children households, Australian-born persons and households speaking English only at home.

Most residents travel outside of the local area for work, such as in Rutherford where there are more employment generators. Based on the 2016 Census, the dominant industries of employment in the surrounding area are: Accommodation & Food, Retail Trade and Manufacturing. The top reported occupations were Technicians and Trades workers, Labourers and Managers.

The table on page 11 highlights some key demographic indicators evident in the major catchment when compared to the state profile.

Key demographic trends affecting childcare demand levels in the major catchment are below –

- **Average weekly household incomes sitting at \$1,918 being approx. 22% above the NSW average (\$1,575).**
- **Higher female labour force participation rate of 59.63%, compared to 55.17% being the NSW average.**
- **Lower unemployment rates across the catchment sitting at 4.10% in June 2020 (NSW average: 5.00%) – the top employment status of parents is 'one employed full-time, one part-time' (36.55%).**

POPULATION FORECASTS

At present, population growth in the major catchment is VERY HIGH with the total population forecast to increase by 6.16% p.a. from 2021 to 2031 (net 1,991 persons). The population of children under 5 in the major catchment is forecast to increase at a much higher rate of 11.07% p.a. from 2021 to 2031 (net 237 children).²

The following table shows population forecasts from 2016 – 2031 by age group in the major catchment.

----- POPULATION FORECASTS 2016 – 2026 -----								
AGE GROUP	2016		2021		2031		Change (21-31)	
	No.	%	No.	%	No.	%	No. total	% per annum
0-4 years	137	4.89%	214	6.61%	450	8.62%	237	11.07%
5-14 years	389	13.90%	445	13.77%	873	16.70%	427	9.60%
15-24 years	340	12.15%	350	10.81%	477	9.14%	128	3.65%
25-44 years	618	22.08%	704	21.76%	1,365	26.11%	661	9.39%
45-64 years	866	30.94%	966	29.87%	1,214	23.23%	248	2.57%
65 years and over	449	16.04%	556	17.18%	847	16.20%	291	5.23%
TOTAL	2,799	100.00%	3,235	100.00%	5,226	100.00%	1,991	6.16%

Importantly, given the 25 year timeframe for the Lochinvar Structure Plan, residential development and population growth is forecast to continue at a high rate beyond the forecast horizon of 2026.

SCHOOL ENROLMENT TRENDS

The following table provides an overview of school enrolments in the major catchment area.

----- SCHOOL ENROLMENTS 2016 - 2020 -----												
SCHOOL NAME	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Growth No. (11-20)	Growth % (11-20)
Primary												
Lochinvar Public School	86	97	84	97	125	156	168	167	168	163	+77	90%
St Patrick's Primary School	234	276	306	327	367	400	455	467	500	519	+285	121%
Secondary												
St Joseph's All Saints College	Opened in 2016					749	762	843	908	902	+902	NA

² NOTE: Population forecasts are not targets. They are Business Geographics estimates based on a review of available sources including published population projections. It is important to recognise that projections reflect the outcome of certain assumptions about the future of fertility, mortality and migration – assumptions which may or may not eventuate. The projections should not be interpreted as precise predictions of the demographic future.

RESIDENTIAL DEVELOPMENT INDICATORS

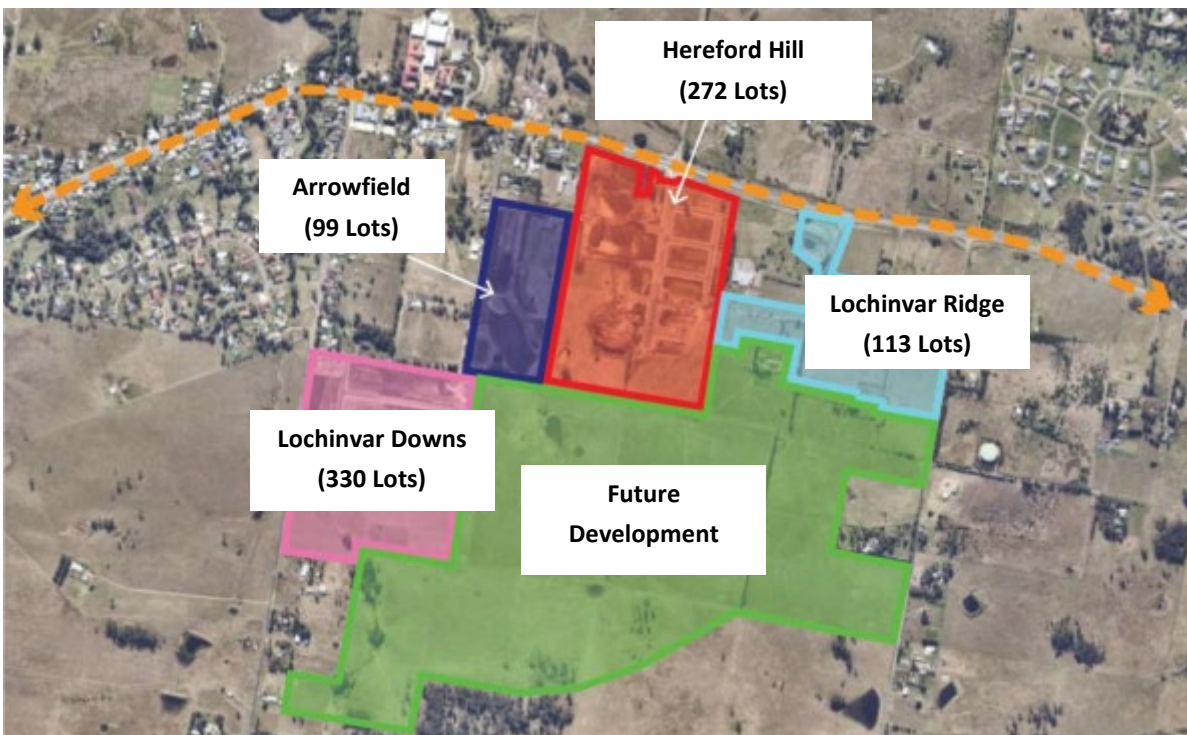
HEREFORD HILL MASTERPLAN

The subject site is located on Lot 1101 within the 25ha residential estate named Hereford Hill which will provide 272 new homes and accommodate approximately 600 residents once completed. Development of Hereford Hill commenced in early 2021, with an open date later in the year. The subject site is in the Rural Residential Zone however is in close proximity to other community uses (e.g St Patrick's Primary School).



SURROUNDING DEVELOPMENT APPROVALS

The map below shows the location of neighbouring approved residential developments.



KEY DEMOGRAPHIC INDICATORS

The following table provides a summary demographic profile of the major catchment area (compared to state benchmarks) based on data from the 2016 ABS census of population and housing.

	----- 2016 CENSUS -----		STATE COMPARISON	
	CATCHMENT		Higher than NSW ▲	NSW average
	No.	%.	Lower than NSW ▼	
TOTAL PERSONS	2,799	100.00%		
Males	1,424	50.88%	▲	49.29%
Females	1,375	49.12%	▼	50.74%
AGE GROUPS				
0-4 years	137	4.89%	▼	6.22%
5-14 years	389	13.90%	▲	12.33%
15-24 years	340	12.15%	▼	12.54%
25-44 years	618	22.08%	▼	27.68%
45-64 years	866	30.94%	▲	24.97%
65 years and over	449	16.04%	▼	16.26%
Median Age	44		▲	39
SELECTED CHARACTERISTICS				
Performed unpaid childcare (15 years +)	702	30.88%	▲	27.24%
Married persons (15 years +)	1,314	57.81%	▲	48.68%
Country of birth - Australia	2,396	85.60%	▲	65.52%
Language spoken at home - English only	2,559	91.43%	▲	68.57%
INCOME (POPULATION AGED 15 YEARS AND OVER)				
Average individual income (\$/weekly)		\$670	▼	\$685
Average household income (\$/weekly)		\$1,918	▲	\$1,575
Average family income (\$/weekly)		\$2,035	▲	\$1,789
LABOUR STATISTICS				
Female Labour Participation (%)		59.63%	▲	55.17%
Parents w. children 0-14 (Both employed)	236	60.41%	▲	54.02%
Pop 0-4 with Employed Mother (% pop)	76	55.47%	▲	46.72%
FAMILY CHARACTERISTICS				
Total families	800	100.00%		100.00%
Couple families without children	312	39.00%	▲	36.54%
Couple families with children	398	49.75%	▲	46.01%
One parent families	87	10.88%	▼	16.02%
Other families	3	0.38%	▼	1.43%
Source: ABS Census (2016)				
----- OTHER (NON-CENSUS) STATISTICS -----				
Unemployment Rate (June 2020)		4.10%	▼	5.00%
Fertility Rate (2018)		2.07	▲	1.97

WORKING POPULATION

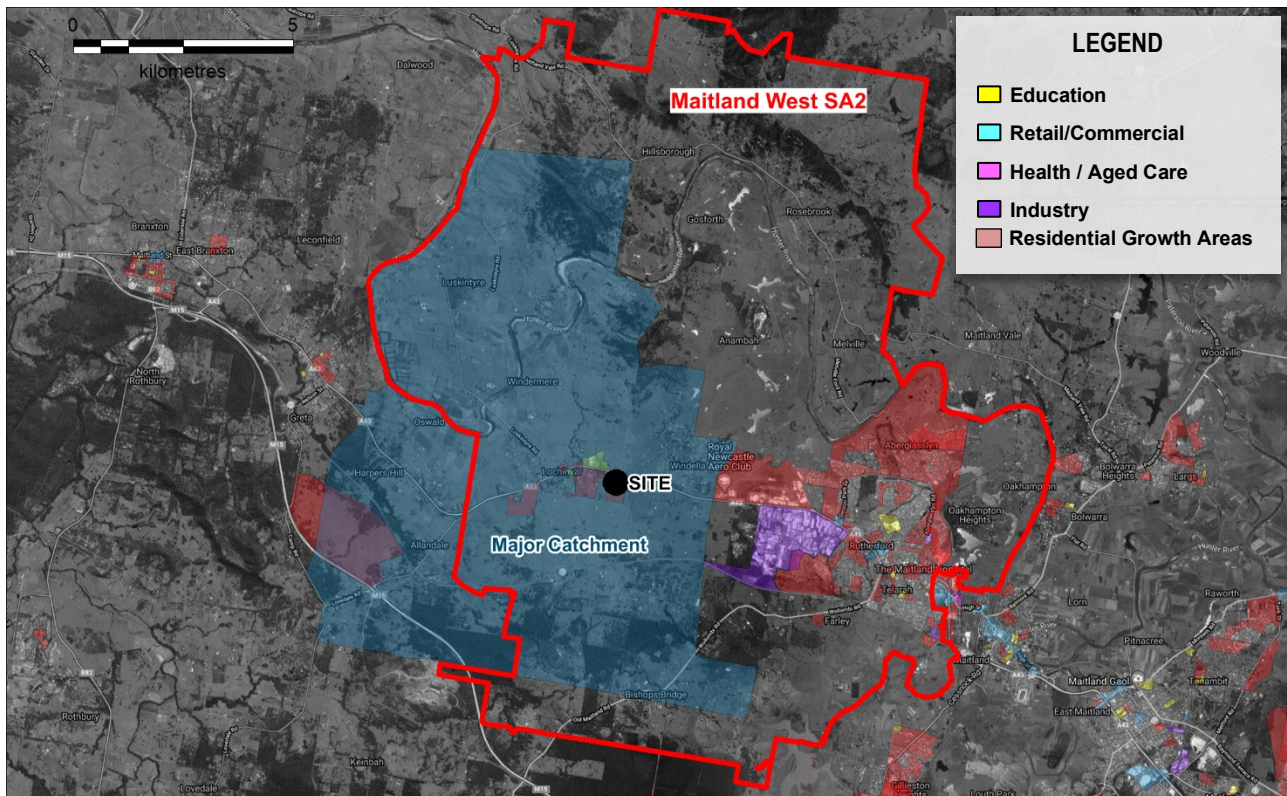
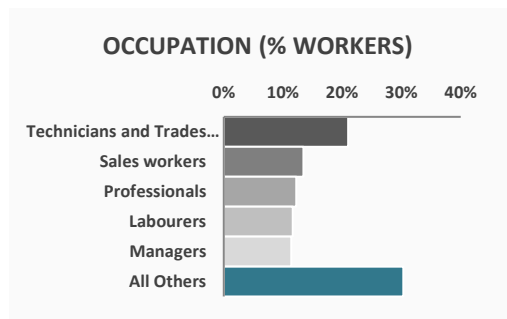
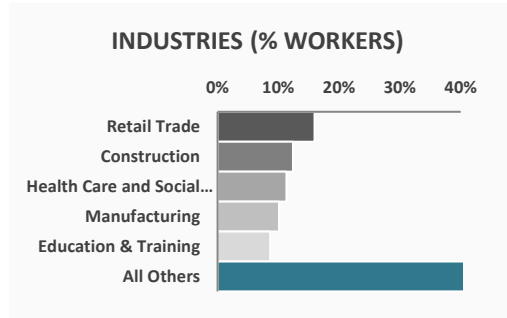
This section provides an overview of the key demographic characteristics of the daytime working population in the major catchment area.

It's estimated that in 2021, there are approx. 5,900 full-time equivalent (FTE) workers in Maitland – West SA2, up from approx. 4,900 FTE workers in 2016.

An estimated 80% of these workers travel from elsewhere to work here. For this report, FTEs are determined as the number of full time employed workers plus half of the number of part-time employed workers.

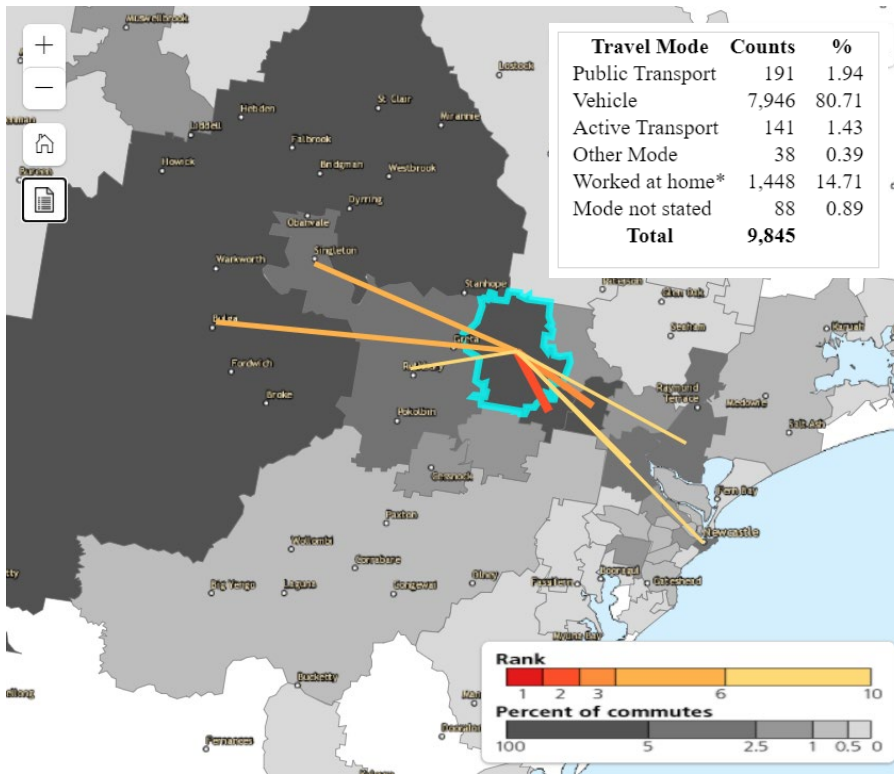
An analysis of the working population in Maitland – West (based on the 2016 census) has revealed the dominant industries of employment are: Retail Trade, Construction and Health Care and Social Assistance. The top reported occupations in 2016 were Technicians and Trades workers, Sales workers and Professionals.

There are limited employment opportunities in Lochinvar (apart from the local schools) and most employment being concentrated in Rutherford with the industrial precinct in Rutherford West contributing the majority of employment in Construction and Manufacturing.



JOURNEY TO WORK

This section provides details of the journey to work (commuting) that occurs between Maitland - West SA2 and other SA2 regions.

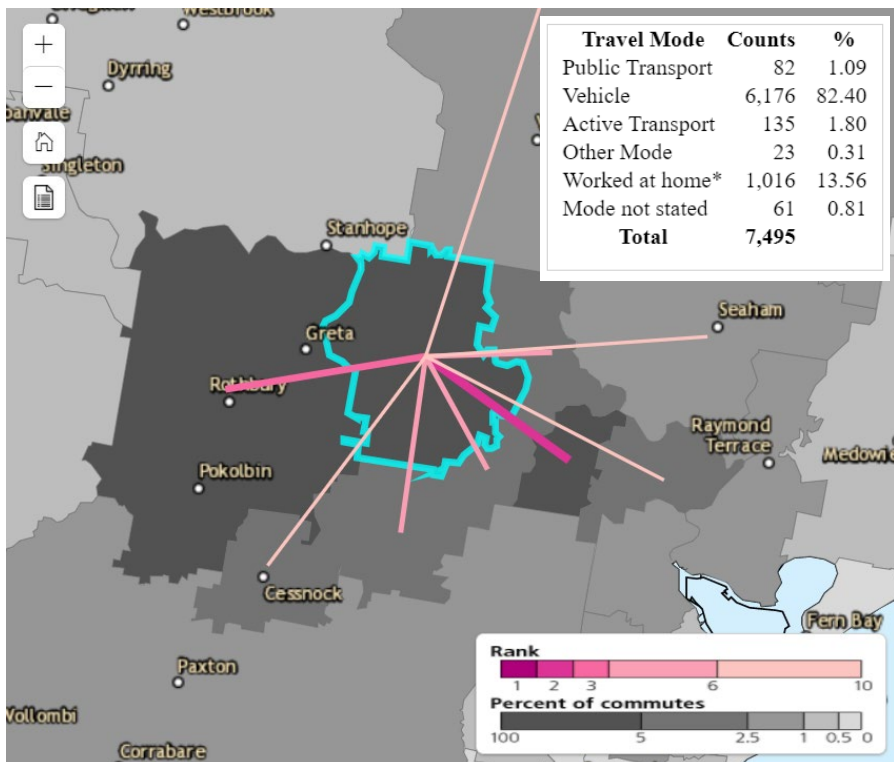


Journey to Work FROM Maitland - West SA2

The highest-ranking destination for commuters from Maitland West SA2 is Maitland and Maitland East.

Workers also travel to Singleton, Newcastle and Raymond Terrace and regional towns nearby such as Branxton - Greta – Pokolbin.

Being a rural region, workers tend to travel from the area each day using private vehicle.



Journey to Work TO Maitland East SA2

Workers in Maitland - West SA2 tend to originate from the local area and surrounding towns.

Excluding Maitland West, the highest-ranking SA2s of origin are Maitland East and the neighbouring towns of Branxton - Greta - Pokolbin.

There are also inflows from Maitland North and Kurri Kurri – Abermain mostly travelling by private vehicle.

SUPPLY ANALYSIS

This section provides a review of existing long day care infrastructure in the major catchment area. A table is provided on the following page providing specific details of Licensed Places, Fees and Vacancy Rates at existing centres. This information is sourced directly from centres and its accuracy is dependent on the knowledge of the person supplying this information.

At present (July 2021), there is currently only one (1) long day care centre in the major catchment supplying a total of 124 places to an estimated market of 205 children under 5. There are several centres outside the catchment, particularly in Rutherford which have been reviewed to give some context to the broader market.

St Nicholas Lochinvar (the only centre in the catchment) supplies 124 licensed places and was established in 2018 by Trustees of The Roman Catholic Church for The Diocese of Maitland-Newcastle.

Daily Fees³ at St Nicholas Lochinvar average \$120 per day (or \$598 per week for full-time attendance), which is higher than average of the other centres in the nearby area of \$109 per day (average weekly fee of \$546).

In terms of quality rating, St Nicholas Lochinvar is Meeting the National Quality Standard (NQS), which means that their service complies with the current standards. St Nicholas Lochinvar reported to have VACANCIES (for children over 2) with an estimated average occupancy rate of 77.42% which is consistent with a BALANCED market – although with Limited Places available for children under 2 and only one (1) centre in the local area the market is somewhat RESTRICTED.

A limited online search for childcare development applications and/or approvals returned INCONCLUSIVE RESULTS (ie. None Found). However, due to the residential development occurring it is possible that other childcare is planned in Lochinvar.⁴

All four (4) of the nearby centres that were reviewed are located in the suburb of Rutherford (east of the catchment).

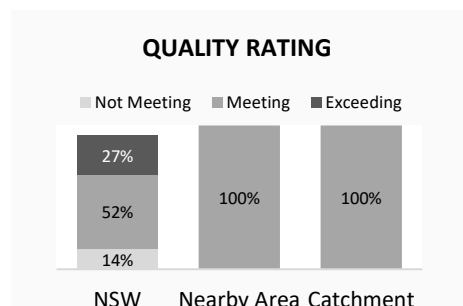
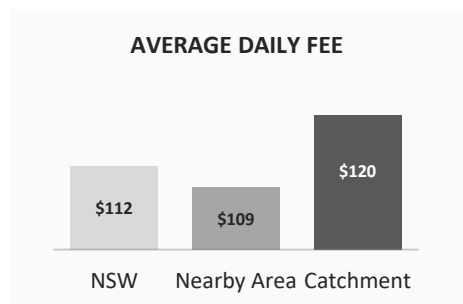
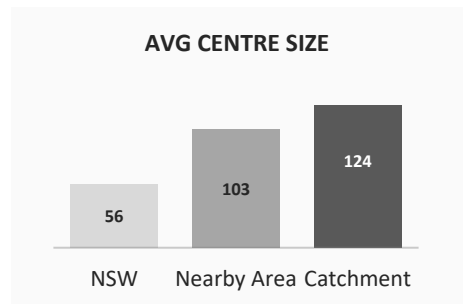
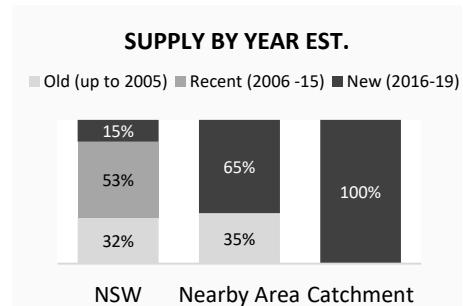
In terms of quality rating, 100% of the Supply is Meeting NQS (complying with current standards).

A telephone survey of the four (4) centres in the surrounding area has revealed that, for children over 2:

- **Three (3) centres reported VACANCIES**
- **One (1) centre reported VERY LIMITED VACANCIES**

Places were more limited for children under 2, although this is typical in most markets due to higher staffing ratios and fewer places offered.

These nearby centres have an estimated average occupancy rate of 77.25% which indicates a relatively BALANCED market.



³ Fees quoted are the full-fee calculated before any child care benefit is applied. Daily Fees are typically higher for babies and younger children and vary depending on specific inclusions offered by centres such as meals and educational programs.

⁴ It is unknown if any other applications or approvals exist and interested parties should undertake their own enquiries. Please refer to previous notes regarding Development Applications and/or Approvals.

SUPPLY TABLE – LONG DAY CARE CENTRES

The following table provides details of existing long day care centres in and near the major catchment area. This list has been compiled by Business Geographics from a range of sources.⁵

KEY **A** = ESTABLISHED SINCE 2016

INCLUSIONS PROVIDED = 🍏🥄 Lunch 🍎🥄 Snacks 🍼 Nappies

----- CENTRES IN CATCHMENT -----						
DETAILS	PROVIDER & DATE ESTABLISHED	LICENSED PLACES	VACANCIES	FEE SCHEDULE PER DAY	FEE SCHEDULE PER WEEK	INCLUSIONS, OPERATING HOURS & QUALITY RATING
St Nicholas Early Education Lochinvar Cnr New England Highway and Station Lane LOCHINVAR 2321 NSW (02) 4015 2840	Trustees of The Roman Catholic Church Est. 2018	124	Limited <2 Vacancies (4 days) >2	\$114.00 - \$125.00	\$570.00 - \$625.00	🍏🍼 6:30am to 6:00pm Meeting NQS
TOTALS / AVERAGES		124		\$120	\$598	
----- NEARBY CENTRES -----						
DETAILS	PROVIDER & DATE ESTABLISHED	LICENSED PLACES	VACANCIES	FEE SCHEDULE PER DAY	FEE SCHEDULE PER WEEK	INCLUSIONS, OPERATING HOURS & QUALITY RATING
Busy Bees at Heritage Parc 125 Grand Pde RUTHERFORD 2320 NSW (02) 4017 2143	FEL Child Care Centres 4 Pty Ltd Est. 2019	94	Limited <2 Vacancies >2	\$106.50 - \$110.50	\$532.50 - \$552.50	🍏🥄🍼 6:30am to 6:30pm Meeting NQS
Little Legends by Busy Bees 49-51 Richard Road ABERGLASSLYN 2320 NSW (02) 4932 9022	FEL Child Care Centres 4 Pty Ltd Since 2018 Est. 2004	90	Limited <2 Vacancies >2	\$108.00 - \$112.00	\$540.00 - \$560.00	🍏🥄🍼 6:30am to 6:00pm Meeting NQS
Rutherford Playtime Pre-School 75 Regiment Rd RUTHERFORD 2320 NSW (02) 4932 6332	Sandra Goldsmith Since 2006 Est. pre 1995	55	Vacancies (4 days) <2 Vacancies (4 days) >2	\$110.00 - \$120.00	\$550.00 - \$600.00	🍏🥄 7:00am to 6:00pm Meeting NQS
Tillys Play and Education Centre - Rutherford 71 Mustang Dr RUTHERFORD 2320 NSW (02) 4932 6072	Tillys Play & Education Centre Pty Limited Est. 2018	174	Limited <2 V. Limited >2	\$98.00 - \$108.00	\$490.00 - \$540.00	🍏🥄 6:30am to 6:30pm Meeting NQS
TOTALS / AVERAGES		413		\$109	\$546	

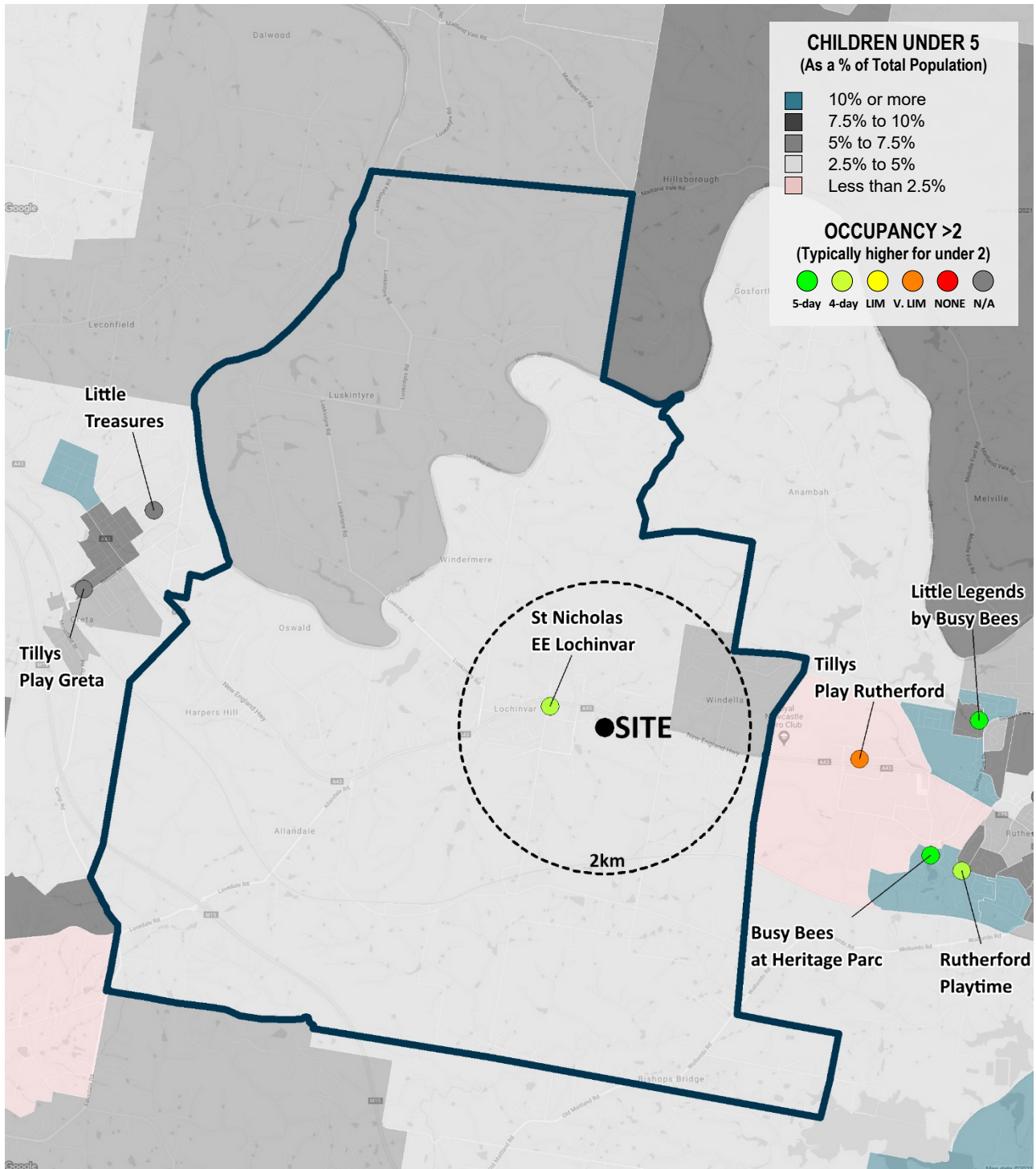
⁵ Information provided in the Supply Tables has been collated from state and federal government childcare information registers, Business Geographics databases and telephone surveys of the listed centres. In particular, the Licensed Places, Vacancy Rates and Fees provided are dependent on information supplied to us by staff at the centres and therefore should not be interpreted as conclusive. They represent the information supplied at a given point in time and their accuracy is subject to the interpretation of the relevant staff member.

DEMAND INDICATORS

This section identifies key demand drivers evident in the catchment area.

Children Aged Under 5

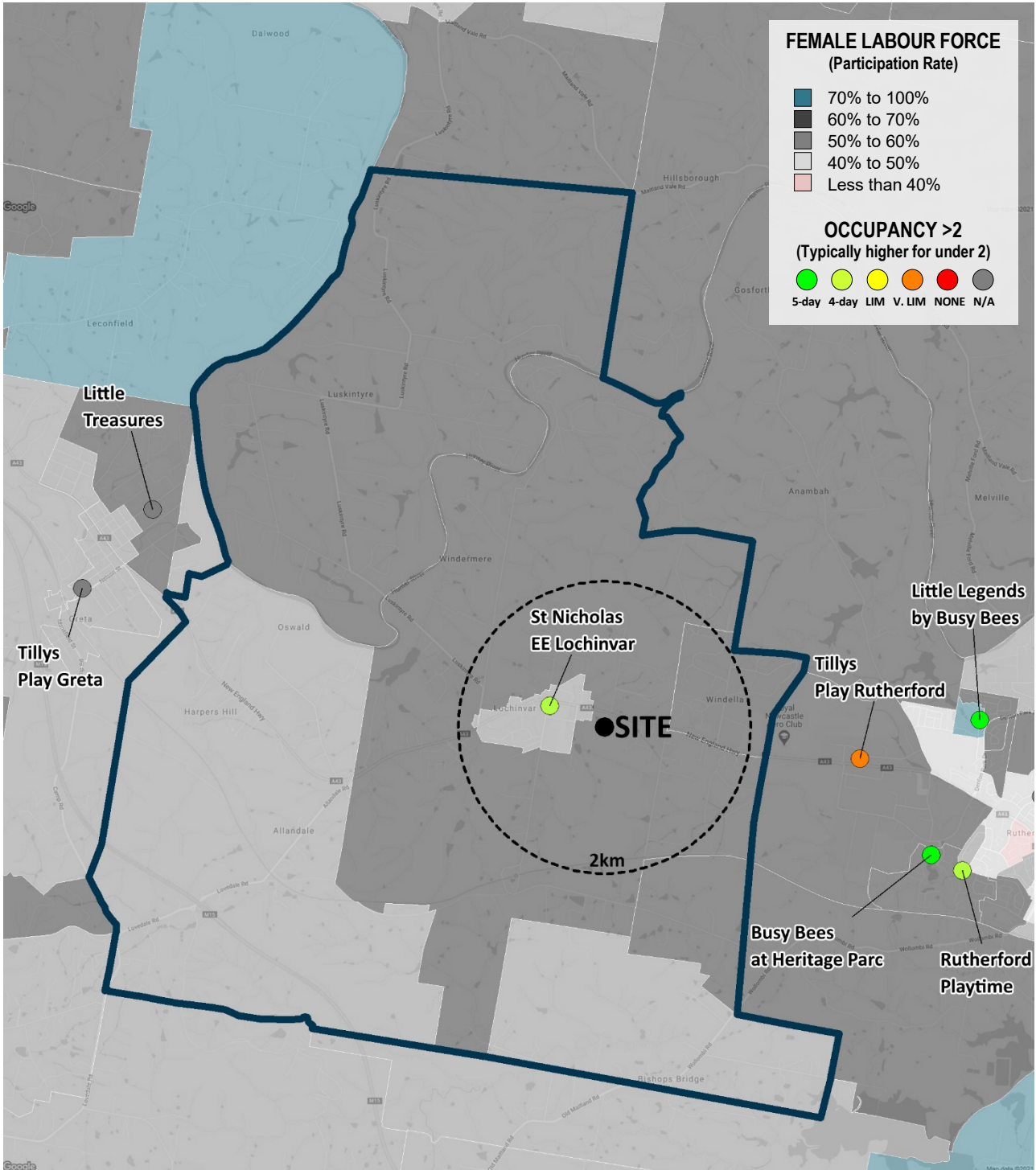
The major catchment currently (2021) has an estimated population of 205 children (under 5), which represents 6.36% of the total population. The map below shows their concentration by neighbourhood.



Female Labour Force Participation Rate

Another important demand driver for long day care is the female labour force participation rate. One of the main social contributions of long day care is to support labour force participation (particularly amongst women). Areas with existing high levels of female labour force participation tend to have high rates of demand for long day care.

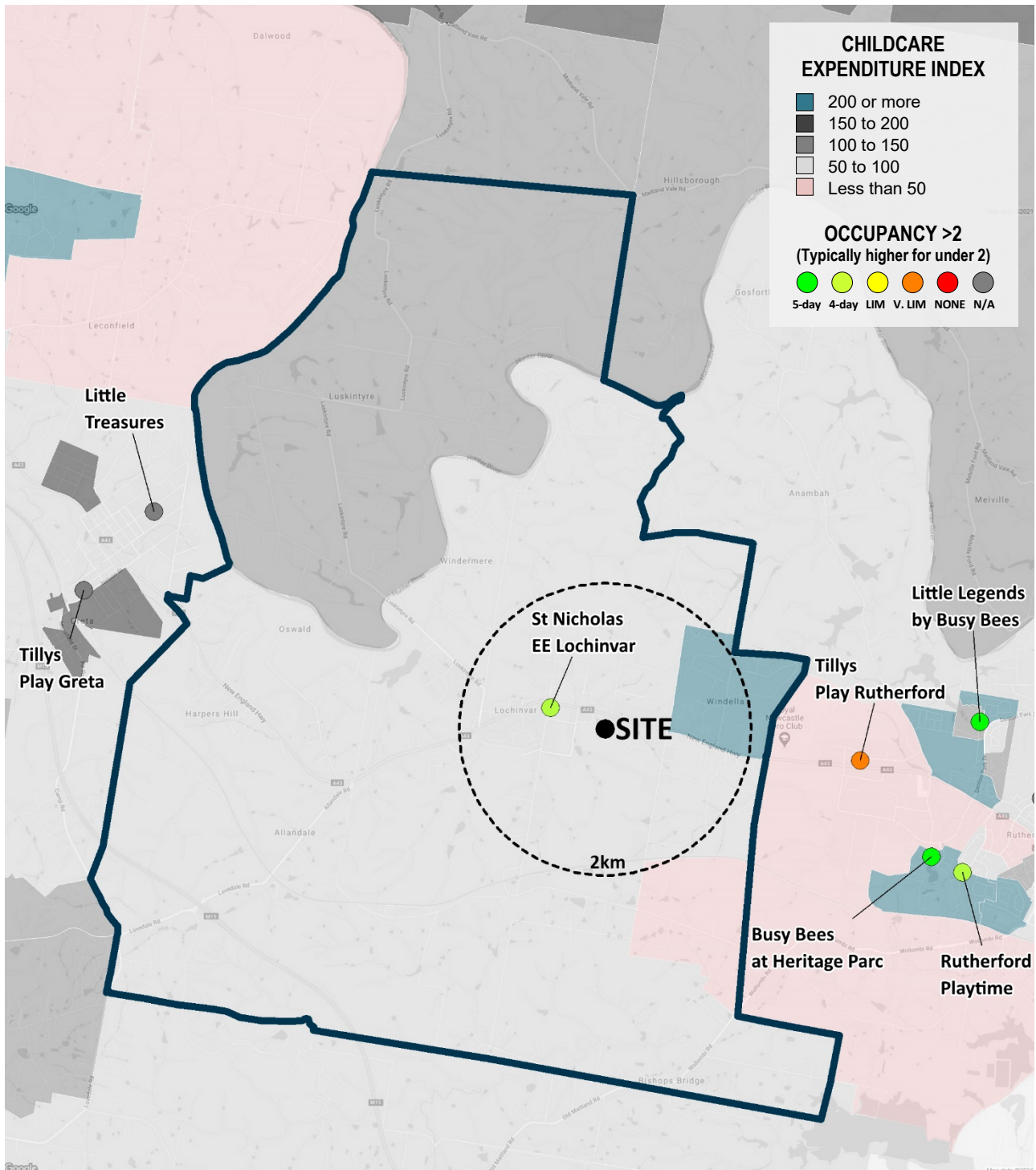
The map below highlights above average female labour force participation rates in the major catchment.



Child Care Expenditure

The proportion of income spent on long day care services is another useful indicator of demand and helps to qualify the propensity of households to use long day care.

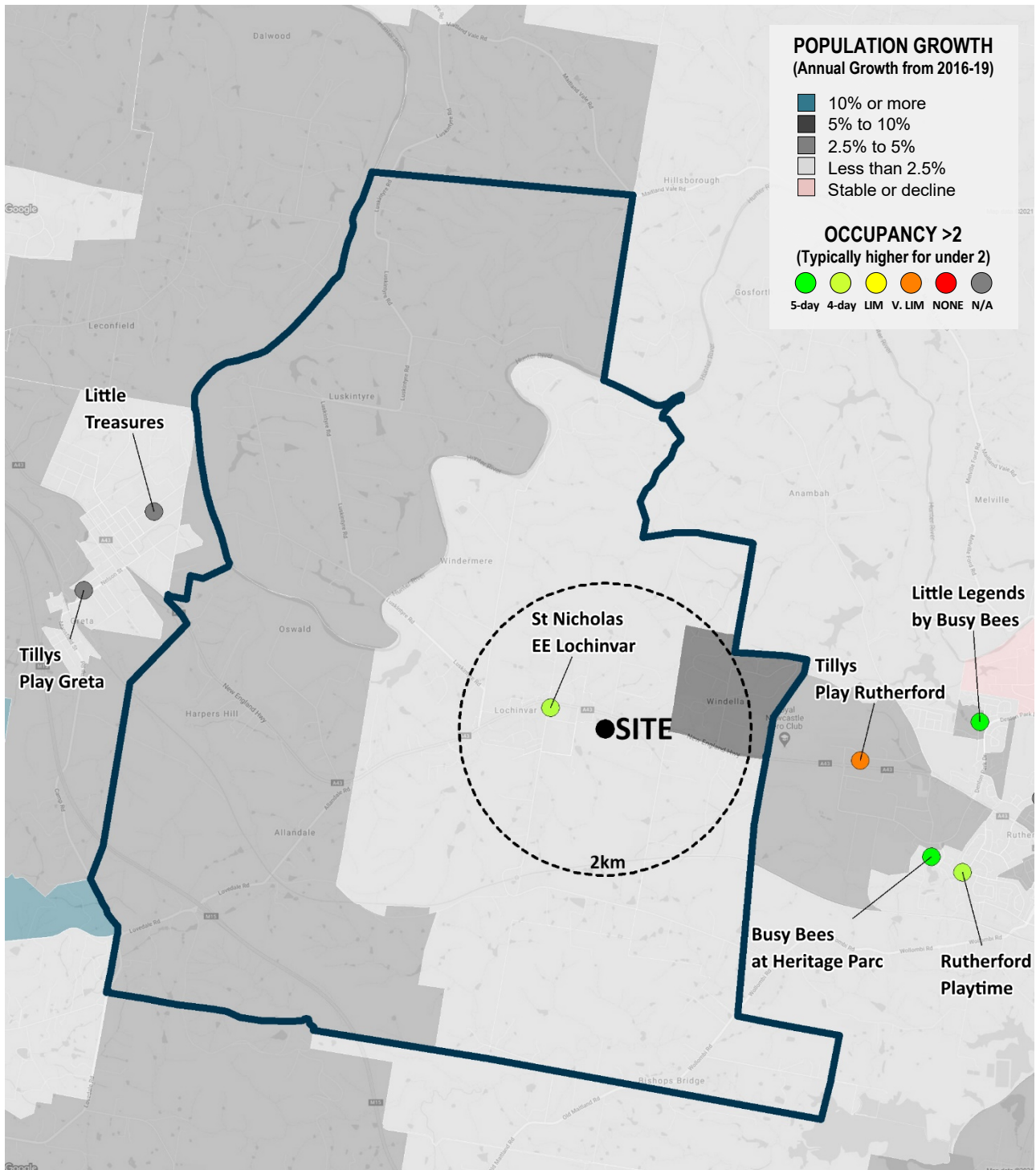
The map below compares neighbourhoods based on the proportion of their income spent on formal childcare services. Each neighbourhood is compared to the average for all neighbourhoods in Australia. The data is derived from the Household Expenditure Survey conducted by the Australian Bureau of Statistics.



Population Growth

Population growth is another important indicator of demand for long day care with growth often representing the establishment of residential neighbourhoods and family formation.

The map below shows the average annual population growth rate by neighbourhood since 2016. Green areas have high rates of population growth (10% or more), while pink areas indicate a stable or declining population growth (0% or less).



DEMAND TABLE

The following table details the estimated demand for long day care from the population of children aged under 5 based on state benchmarks for participation and attendance and the specific socio-demographic characteristics of the major catchment area.

The estimated daily demand for long day care originating in the major catchment is for 71 places. This has been estimated based on an assumed Long Day Care Participation Rate of 55% and an Attendance Rate of 3 days per week or 60% full time.

It is worth noting that the Participation rate is above the national average of 45% and is expected to range from 55% (on par with the current estimate) to 60% (high forecast) by 2031.

Demand is forecast to increase at a rate of approx. 11.1% to 13% per annum, depending on the participation rate, which equates to an increase in demand of between 78 to 92 places over the next ten years to 2031.

It's also estimated that the major catchment benefits from a net gain of demand from surrounding areas, currently estimated at 25 places per day. This represents demand drawn to the St Nicholas EE Lochinvar due to its association with the local primary and secondary catholic schools which draw from a larger catchment. This figure is expected to remain stable over the next ten years.

Before the opening of St Nicholas EE Lochinvar in 2018 the local market was UNDERSUPPLIED and there was a net outflow of demand to other areas.

----- **HISTORIC, CURRENT & FORECAST DEMAND FOR LONG DAY CARE** -----

	2016		2021		2031		Change (2021-31)			
	<i>(actual)</i>		<i>(estimate)</i>		<i>(low forecast)</i>		<i>(high forecast)</i>			
	No.	%	No.	%	No.	%	No. total	% p.a.		
Total Population	2,799	100.00%	3,235	100.00%	5,226	100.00%	5,226	100.00%	1,991	6.16%
Children Aged 0 - 4	137	4.89%	214	6.61%	450	8.62%	450	8.62%	237	11.07%
Estimated Participation Rate *	55%		55%		55%		60%		-	-
Children Attending Long Day Care	75		118		248		270		130 - 153	11.1% - 13.0%
Attendance Rate #	60%		60%		60%		60%			
Estimated Daily Demand	46		71		149		163		78 - 92	11% - 13%
Net Demand Loss/Gain	-46		25		25		25		-	-
Estimated Net Daily Demand	0		96		174		188		78 - 92	8.1% - 9.6%

*Estimated Participation Rate – The participation rate is the number of children aged under 5 that attend long day care and is typically based on a national average of 45%. The figure used for the major catchment is above this average.

Attendance Rate – Data from the Office of Early Childhood Education & Child Care shows that the average time that a child spends in long day care is approx. 28 hours per week. This rate of attendance has been relatively stable for a number of years. For the purposes of this report, it is assumed that the average attendance rate of children at long day care is 3 days per week or 60% full-time.

Source: ABS, State & Local Government Population Forecasts & estimates calculated by Business Geographics.

NEEDS ASSESSMENT – LONG DAY CARE

This section provides an assessment of whether there is any unmet demand (undersupply) or oversupply of long day care services within the major catchment area.

SUMMARY

At present (July 2021), there is only one (1) long day care centre in the major catchment supplying a total of 124 places to an estimated market of 214 children under 5. This represents ratio of 1.7 children per childcare place, which is lower than the New South Wales average of 2.9 children per place.

St Nicholas EE Lochinvar currently reports Vacancies for children over 2 and Limited Vacancies for nursery and toddler places (<2 years).

It's worth noting that St Nicholas EE Lochinvar has a close association with the local catholic primary and secondary schools and was established in 2018 in order to provide a smooth transitional pathway for children from their early years at St Nick's, to their primary school years at St Patrick's, all the way through to their high school years at St Joseph's.

This centre therefore primarily services the broader catholic school community and draws enrolments from a larger catchment (ie beyond the immediate local area).

Whilst this centre appears to be meeting the current needs of the community it's Business Geographic's view that in order to provide additional choice and amenity to local residents, and service the forecast growth in demand in Lochinvar, additional childcare is needed.

Families have diverse childcare needs and preferences and need access to a variety of convenient and accessible childcare options in their local community. The local area currently offers families no real choice and it's Business Geographic's view that the proposed development would represent an attractive alternative and is an appropriate response to this need.

PROPOSED DEVELOPMENT

The proposed development is ideally located within the Hereford Hill Estate. This 25ha parcel of land will provide 272 new homes to accommodate approximately 600 residents once completed. Development of Hereford Hill commenced in early 2021, with an open date later in the year. A childcare facility at the subject site would also service the demand of future residents from the nearby estates (New England Highway Subdivision and Village of St Helena Subdivision).

The location of the subject site near St Patrick's Primary School (519 students in 2020), Lochinvar Public School (163 students in 2020) and St Joseph's College (902 students in 2020), makes it very convenient and accessible for families with older children attending these schools.

With many children at school having younger siblings, it makes practical sense for childcare centres to locate close to schools. The co-location of childcare near schools has significant social benefits and can help support children in a smooth transition from one learning environment to another.

SUPPLY & DEMAND

Before the opening of the 124-place St Nicholas EE Lochinvar in 2018, there were no long day care centres in Lochinvar and all the local demand (approx. 46 places per day) were serviced elsewhere (e.g. at nearby centres in Rutherford and Greta). The opening of St Nicholas EE Lochinvar improved local childcare self-containment and also attracted additional demand from the surrounding area – with families attending local schools also using childcare in the area.

It's relevant to note that there are no stand-alone pre-school services in Lochinvar (community or government) and this may increase demand for kindergarten/preschool services delivered in a long day care environment.



Currently (April 2021) the average daily demand for long care being serviced in Lochinvar is estimated at 96 places per day. Approximately 26% of this demand (25 places per day) originates from outside the catchment. This represents commuters travelling to Lochinvar and utilising St Nicholas Lochinvar childcare, which is part of St Patrick’s Primary School and services a wider community. It’s also important to note that Lochinvar has a function of a transport and service centre for the northern end of the Lower Hunter Region, and demand will continue to be boosted by residents from elsewhere that work, attend education and utilises services (childcare and schools) in the town.

NEEDS FOR ADDITIONAL PLACES

At current forecasts, it’s estimated Lochinvar could support an additional 90 – 110 places to 2031. An increase in supply of this order would be supportable without having significant negative impacts on the existing supply network. That said, demand (and need) is forecast to continue to grow beyond the forecast horizon and therefore a larger increase in supply would be supportable over the medium-term. Additional local supply and availability may also attract additional demand into the local area from neighbouring residential and employment areas.

The development of a new childcare centre at the subject site would greatly improve childcare choice, availability and amenity. Any impacts on the existing St Nicholas EE would be expected to be minor, ameliorated over time and outweighed by the positive economic benefits to the local community of improved local childcare options.

----- NEEDS ASSESSMENT TABLE -----						
	2016#	2021	2031*		Change (2021-31)	
	(actual)	(estimate)	(low forecast)	(high forecast)	(low – high)	
	No. %	No. %	No. %	No. %	No.	%
Estimated Daily Demand for LDC	46	96	174	188	78 - 92	81.3% - 95.8%
Estimated Daily Supply of LDC	0	124	214	234	90 - 110	72.6% - 88.7%
Average Estimated Occupancy Rate**	NA	77.42%	81.31%	80.34%		
Needs Assessment	UNDERSUPPLIED	SUPPLY RESTRICTION	BALANCED	BALANCED		

*2026 - This allows for population change to 2026 and assumes an increase in the supply of places by **90 - 110 places**.

** Average Estimated Occupancy Rate across the entire Catchment. Average Occupancy Rates over 85% indicate some supply restriction, whilst rates below 75% suggest some oversupply. 80% is considered to be balanced.

#Supply estimates prior to the opening of the 124-place St Nicholas EE Lochinvar (2018).

CHILDCARE DEVELOPMENT PIPELINE

A search for other childcare development applications and/or approvals in Lochinvar to service the unmet need was INCONCLUSIVE (ie. None Found).

CONCLUSION

It is Business Geographic’s view that the development of a new childcare facility at the subject site is justified and needed in this area. The local area currently offers families no real choice and the proposed development would deliver a substantial net community benefit including –

- Offering a high degree of amenity and convenience to the local community including an improvement in childcare facilities available to local residents;
- Maintaining local childcare self-containment with the retention of childcare demand to prevent the need for current and future residents to travel out of the local area to obtain childcare that meets their needs.
- Increasing labour force participation (particularly for mothers) and opportunities for new parents to return to work after having children – thereby delivering economic benefits to the local community.

APPENDIX 1 - TERMS USED IN THIS REPORT

ATTENDANCE RATE

Data from the **Report on Government Services (2020) prepared by the Productivity Commission (Volume B Chapter 3 Early Education & Care)** reveals that the average time that a child spends in long day care is approximately 28 hours per week (out of a typical 50- hour week).

For the purposes of this report, it is assumed that average attendance rate of children at long day care is 30 hours or 3 days per week or 60% of full-time. This rate of attendance has been relatively stable for a number of years and varies from state to state. Average Long Day Care attendance rates are highest in NT (70%), about average in QLD, ACT, VIC and NSW (60%) and lowest in SA, WA and TAS (50%).

It's also worth noting that attendance is not consistent throughout the year as children tend to enter and leave care at different points of the year, depending on the family's circumstances. The number of children that use long day care across a given year is therefore greater than the number using care at any point in time.

BALANCED MARKET

A BALANCED Market is where current levels of supply are MEETING current estimated levels of demand. There are long day care places available within the local area for parents that need care for their children. At the same time, the majority of centres will have solid occupancy rates and be achieving benchmark returns.

A Balanced Market is typically evidenced by an average estimated occupancy rate close to 80%, a ratio of children (aged under 5) per long day care place of between 3:1 and 4:1 (in metropolitan markets - higher in regional markets) and reports of LIMITED VACANCIES at existing centres.

ESTIMATED AVERAGE OCCUPANCY RATE

This figure represents a statistical estimate of the occupancy level at all existing centres in the catchment area. It is calculated by dividing the total estimated daily demand by the observed daily supply of places.

The Office of Early Childhood Education & Child Care collects data on vacancies for long day care centres on a quarterly basis. Trend data for the past few years shows average occupancy rates nationally at between 75% and 80%. For the purposes of this report, Average Occupancy Rates over 85% indicate RESTRICTED SUPPLY, while more than 100% indicates an UNDERSUPPLY. Rates below 75% suggest a tendency to some oversupply while rates less than 70% indicate an OVERSUPPLY. An estimated average occupancy rate of 80% tends to indicate a BALANCED market.

HIGH FORECAST SCENARIO

This scenario assumes the occurrence of one or more events which may boost future Demand for long day care through increased participation rates.

Some of these events may include but are not limited to: greater levels of social assistance (payments to families to help cover the cost of childcare), growth in female labour participation (specifically those with dependent children), an increase in the working population traveling to (or through) the catchment (that utilise services in the catchment), an increase in the real household disposable income (households with higher disposable incomes are more likely to be able to afford childcare services), an increase in the Supply (e.g. a new centre) and/or enhancements to the current Supply (renovations or refurbishments), increasing choice and attracting parents seeking modern or purpose-built facilities.

MAJOR CATCHMENT AREA

The Major Catchment Area used in this report is the expected catchment area for the subject site. In excess of 80% of enrolments are expected to originate from within this Catchment Area. The boundary of a relevant Catchment Area is assessed by taking into account the unique geographic characteristics of each site. Research conducted by Business Geographics reveals that a 2km – 3km catchment is typical in a metropolitan market, whilst slightly larger catchments are found in regional areas. Unless otherwise stated, the demographic statistics provided in this report relate to the defined major catchment area.

NET DEMAND GAIN

In some markets, a portion of the demand is generated by parents that neither live (resident demand) or work (working population demand) in the study area. We regard this additional demand as a "net gain of demand". In some locations, the net gain can be substantial. Note that a net gain of demand accounts for (and offsets) any demand that leaves the area.

The origin of the net gain of demand will vary from place to place and, unlike resident or working population demand, is difficult to estimate and sometimes dependent on subjective factors. That said, some common attributes of areas with a net gain, include:

- Markets surrounded by under supplied or under serviced areas: when parents are not able to meet their needs in their local or preferred area, they would seek for childcare in a nearby area.
- Areas with highly desirable, competitive or specialised centres. These services typically draw demand from a broader region and parents are willing to travel outside their local community or workplace to enrol their children in these centres.
- Escape demand passing through the major catchment (i.e. commuters driving through the area and dropping children off in the major catchment).
- Non-residents that regularly travel to the area for reasons other than work, such as parents studying in the area, accessing services or for school drop-off.

NET DEMAND LOSS

Net Demand Loss explains the difference between locally generated demand and locally serviced demand. If all of the centres are full (or close to full), what happens to the remaining demand? Families will look elsewhere for suitable childcare. This may include the surrounding area or near their workplace. In outer suburban commuter markets, most people travel elsewhere for work and many use services (including childcare) near their place of work.

For example, there are more childcare places available in the CBD than there are children. These CBD centres service the children of workers that live elsewhere but use childcare in the city. There's many reasons why families choose to do this, but one of the reasons is the lack of childcare near home that meets their needs and/or expectations.

The net demand loss is our estimate of this unmet demand. We also assume that an increase in local supply (alternative local childcare options) will retain some of this net demand loss and improve local childcare self-containment. However, in a market like this there will always be some demand that is serviced elsewhere simply based on parents' preferences.

OVERSUPPLIED MARKET

An OVERSUPPLIED market is where current levels of supply are EXCEEDING current estimated levels of demand. Some, if not all centres, will have difficulty achieving benchmark returns. Occupancy rates are lower than the benchmark – typically < 70%, and the ratio of children aged under 5 per long day care place is typically < 3:1 (in metropolitan markets – but can be higher in regional markets). Centres in the local area will report VACANCIES across a broad range of age groups, including for children under the age of 2. Places in this age group are typically the most restricted even in a balanced market, so markets with low occupancy rates for children under 2 are typically OVERSUPPLIED.

PARTICIPATION RATE

According to the **Report on Government Services (2020)** an estimated 45% of children aged 0 – 5 attend long day care nationally.

This figure varies from state to state and forms the basis for calculating the estimated participation rate in the local catchment area – that is, the number of children that attend long day care. Average participation rates are highest in ACT (55%), higher in QLD (50%), about average in NSW (45%), slightly lower in VIC, SA and TAS (40%) and lowest in WA and NT (30%).

Participation Rates in a local market may vary from state benchmarks depending on the specific socio-demographic characteristics of the local market. A well-supplied market with a high proportion of children aged under 5 and higher labour-force participation rates could be expected to have a higher long day care participation rate than an under-supplied market with few children.

Interestingly, long day care participation rates are typically lower in communities with high proportions of persons from Non-English-Speaking Backgrounds and in Regional areas.

However low income families tend to have higher long day care participation rates than average.

POTENTIAL ADDITIONAL MARKET NEED

Potential Additional Market Need is the number of additional places the market demands, and could potentially support, without creating a significant long-term oversupply. This is indicative only and assumes a constant participation rate. An assessment of need should not be interpreted in isolation as an assessment of the commercial feasibility for centre development, acquisition or disposal.

RATIO OF CHILDREN (AGED UNDER 5) PER LDC PLACE

This is a useful indicator of the local long day care market. A ratio of less than 3:1 will often be found in markets that are OVERSUPPLIED. A ratio greater than 4:1 can sometimes indicate a market that has some restricted supply. It's worth noting that ratios in regional areas with a BALANCED market are often higher than those in metropolitan areas.

UNDERSUPPLIED MARKET

A market that is UNDERSUPPLIED has fewer places available than demanded – that is, demand EXCEEDS supply. Such a market is characterised by very high occupancy rates (in excess of 85%) and a relatively high ratio of children aged under 5 per long day care place supplied – often > 4:1 (in metropolitan markets – but can be higher in regional markets).

In an undersupplied market, not all parents are able to meet their childcare needs locally and may have to look outside of the local area (Primary Catchment) to obtain care or make alternative arrangements. This may mean utilising informal care providers such as Family Day Care or relatives (extended family).

It's worth noting that an undersupply of suitable long day care may also result in lower than expected take-up rates with new mothers choosing to defer a return to work.

VACANCY RATES REPORTED BY LONG DAY CARE CENTRES

Vacancy Rates reported by centres in the telephone survey are classified into three categories depending on the perceived availability of places. These Vacancy Rates are estimated based on the response of centre staff to an enrolment enquiry. It's important to note that Vacancies for children under 2 tend to be more restricted than for older children but this is typical of most markets.

A centre that is classified as having NO VACANCIES has no places available for any age groups or on any days. Centres with NO VACANCIES have 100% occupancy and will often run a waiting list for future enrolments.

A centre that reports LIMITED VACANCIES will typically have some vacancies either for specific age groups or on selected days only. Centres with LIMITED VACANCIES are likely to have occupancy rates in excess of 70% but less than 100%.

A centre that reports VACANCIES has one or more places available on all days for the nominated age group. Centres with VACANCIES will often have occupancy rates of less than 70%.