



NORTHERN  
MIDLANDS  
COUNCIL

# PERTH EARLY LEARNING /CHILD CARE CENTRE UPGRADE AND EXPANSION PROJECT

## BUSINESS CASE



15 NOVEMBER 2018

**TABLE OF CONTENTS**

1.	Purpose of the Business Case .....	3
2.	Perth Early Learning Centre .....	3
3.	Catchment Area for the Perth Early Learning Centre .....	4
4.	Progress to date .....	6
5.	Vision.....	7
6.	Merit Criteria.....	7
6.1	Economic Benefit.....	7
6.2	Social Benefit.....	10
7.	Alignment with Council's Strategic Plan .....	14
8.	Implementation Strategy .....	14
8.1	Outputs.....	14
8.2	Work Plan .....	15
8.3	Budget .....	15
9.	Project Management Framework.....	15
9.1	Governance .....	15
9.2	Quality Management .....	17

## 1. Purpose of the Business Case

This business case has been prepared to underpin our Council's application to the third round of the Building Better Regions Fund – Infrastructure Projects Stream - for funding to enable the upgrading and expansion of the Perth Early Learning Centre ('the Centre').

## 2. Perth Early Learning Centre

In 1999 the Department of Family and Community Services identified the Northern Midlands as an area of high priority for the development of child care services for the area's rural and remote communities. The Northern Midlands Council was approached to sponsor the proposed innovative mobile rural and remote child care service. Council agreed to sponsor the service and worked with key stakeholders to develop the service.

The service commenced operation one day/week in Avoca, Campbell Town and Cressy in early 2001. The service was highly successful, as measured by utilisation rates and customer satisfaction. Demand for the service was overwhelming, far in excess of the expectations indicated during the community consultations.

Sufficient funding was available to expand the service during 2002. Perth was identified as the priority location for this service expansion and in March 2002, the Commonwealth approved this as a new location for the service. A child care centre was constructed as an extension of the Perth Community Centre in Fairtlough Street (adjacent to Perth Primary School and Perth Recreation Ground). The Centre opened two days/week in early 2003.

Demand for the Perth service warranted investigation of the possibility of operating that service five days/week. This was achieved and the service transferred to the Long Day Care Funding Program – effective September 22<sup>nd</sup> 2003. The service initially offered child care only however, as a result of community demand, the service has expanded to provide after school care, vacation care and a toy library.

The 20 place Centre comprises a large activity room, sleep/quiet time room, small office, change/toilet facilities and an outdoor playground. Staff access the community centre



kitchen, use the community centre meeting room for after school and vacation care activities, and share the use of the storeroom in the community centre's stadium.

The sharing of these community centre facilities with other community organisations creates a number of challenges that the Centre staff struggle to overcome. The after school and vacation care children have to use the community centre toilets which creates safety and supervisory challenges. Other community organisations cannot use the community centre meeting room between 3-6pm weekdays and during school holiday weekdays. This creates angst and tension between the Centre staff and the other community organisations.

The Centre consistently has a waiting list and struggles to juggle staffing to accommodate mandated staffing ratios for babies through to five year olds.

### **3. Catchment Area for the Perth Early Learning Centre**

Perth is at the 'top end' of the Northern Midlands and is the only early learning service in this area (Northern Children's Network operates a long day care centre at Campbell Town). Thus the Centre caters for children from Perth, Evandale, Devon Hills, Longford, Cressy, Bishopsbourne and the surrounding rural district. Parents from Launceston working in the Northern Midlands also enrol their children at the Centre.

The Northern Midlands is renowned for its productive agricultural land and has a reputation as a prime growing area for wool, cereals, vegetables, poppies and dairy production. The area is also renowned for its heritage with the Northern Midlands having two World Heritage Listed convict-built estates and with Ross widely acclaimed as the state's finest heritage village. A new comer to the area could easily gain the impression that this is an area of socio-economic advantage.

An accepted measure of socio-economic disadvantage is the Socio-Economic Index for Areas (SEIFA). Tasmania's SEIFA index of Relative Socio-economic Disadvantage is 948 (source: Public Health Information Development Unit 2011). This index ranks Tasmania as the most disadvantaged of all states. At a local government level the Northern Midlands LGA rates comparatively well against other Tasmanian local government areas with a SEIFA index score

of 962. However, it is vitally important to note that this figure does not reflect the significant number of pockets of disadvantage within the Local Government Area.

The following tables provide ABS Census (2016) information on the towns in the Northern Midlands and illustrate the levels of disadvantage in these communities.

*Population by census years in towns and localities*

Area	1991	1996	2001	2006	2011	2016
Longford	2,601	2,829	2,827	3,027	3,053	3,863
Perth	1,573	1,863	1,984	2,239	2,411	2,965
Evandale	772	1,033	1,057	1,059	1,086	1,345
Campbell Town	820	816	755	772	781	996
Cressy	616	637	648	670	676	1,111
Ross	282	275	266	272	271	404
Other	4,580	3,918	3,890	4,052	3,950	2,138
<b>Total</b>	<b>11,244</b>	<b>11,371</b>	<b>11,427</b>	<b>12,091</b>	<b>12,228</b>	<b>12,822</b>

Source: urban centre/locality ABS census

*Towns by Age Brackets, 2016*

Town	% aged 0-4yrs	% aged 5-14yrs	% aged 15-24yrs	% aged 25-54yrs	%aged 55-64yrs	% aged 65 & over	Median age
Longford	5.7	10.5	11.2	33.2	14.7	24.6	47
Perth	5.8	13.0	10.5	38.2	15.2	17.6	42
Evandale	4.4	11.6	11.1	33.1	16.9	22.7	48
Campbell Town	5.1	9.5	11.7	31.1	16.2	26.6	50
Cressy	7.4	13.8	10.4	38.9	14.9	14.7	39
Ross	4.7	10.8	6.2	34.6	14.5	35.7	50
Municipal wide average	5.5	11.6	10.8	35.1	15.5	21.3	46
Australia wide average	6.3	12.4	12.1	41.2	11.8	15.8	38

*Household type: Occupied private dwellings 2016*

Town	Family household (%)	Lone person household (%)	Group household (%)	Average household size (no.)
Longford	97.2	30.3	2.5	2.2
Perth	71	27.3	1.7	2.4
Evandale	73.5	25	1.6	2.4
Campbell Town	64	33.3	2.8	2.2
Cressy	74.1	25.2	3.0	2.5
Ross	62.9	35.3	1.8	2.2
Northern Midlands average	69.4	28.5	2.1	2.4
Australian average	71.3	24.4	4.3	2.6



*Median monthly loan repayments, weekly rents and weekly and individual incomes by communities 2016*

Community	Monthly loan repayment (\$)	Weekly rent (\$)	Median household weekly income (\$)
Longford	1,207	223	1,006
Perth	1,391	228	1,212
Evandale	1,300	250	1,071
Cressy	1,164	150	1,084
Campbell Town	867	147	781
Ross	921	96	814
Northern Midlands average	1,300	200	1,042
Australian average	1,755	335	1,438

*Household Income 2016*

Household income	Northern Midlands	Tasmania	Australia
Less than \$650 gross weekly income	26.6	26.3	20
More than \$3,000 gross weekly income	5.9	8.3	16.4

Perth is rapidly growing, with the population increasing by close to 60% between 1996 and 2016. The town's strong population growth has outstripped the ability of the town's facilities to meet community needs. The current primary school configuration is barely adequate for the current school population, let alone the increasing enrolments in forthcoming years. The early learning centre which is collocated with the community centre is at capacity and having to compete with other community groups for use of the community centre rooms and amenities. The recreation ground has an array of ageing sporting facilities, a tired skate park and an inadequate sized oval. The town's public tennis courts are inappropriately located between the community centre and the school, and have to access the community centre kitchen and toilet facilities.

For many years there has been a call for the Midland Highway to bypass Perth, ending the historical cutting of the town in two by the highway. In 2017 the State Government announced the Perth Bypass had been given high priority and would be complete by 2021. Stage One, from Breadalbane to Perth has been completed, and Stage Two, around the north and west of Perth to connect with the Perth Bridge is underway.

#### 4. Progress to date

Thus by 2021, the Midland Highway traffic will no longer travel through Perth. Other towns in Tasmania have been bypassed (Ross in 1971, Oatlands in 1981 and Deloraine in 1989), with varying economic and social impacts – positive and negative – being experienced by these communities post-bypass. Learnings from these experiences drove the desire by Council and the State Government to

commence planning for Perth's future post the bypass. The resultant plan, the Perth Structure Plan, developed after extensive community and business consultation, values the town's existing attractions and natural assets, encourages the enhancement and growth of businesses, re-invigorates the town centre, establishes a preferred pattern for urban consolidation and the future residential growth, and improves physical and social connectivity.

In parallel with the development of the Perth Structure Plan Council has collaborated with the Department of Education and the Perth community to develop the Perth Community Centre and Early Learning Precinct Masterplan. Council has also collaborated with the Perth community and sporting organisations to develop the Perth 2030 Recreation Ground Masterplan.

The implementation of these masterplans will enhance Perth's natural charm and reinforce its unique character. Significantly more families will be attracted to choose Perth as their home, given its planned redevelopment and growth, and close proximity to Launceston and the airport (it is predicted that the town's population will double over the next ten years).

The community centre is on land owned by the Crown (Education Department) and the lease is currently up for renewal. The existing early learning centre is on council owned land (undeveloped road reserve) however the expansion of the centre will require use of further Crown land.

## **5. Vision**

That Perth will have an upgraded and expanded Early Learning Centre (catering for child care, after school and vacation care, and the toy library), and Community Centre which necessitates the relocation of the town's tennis courts to the recreation ground, expansion of the adjacent car park and significant landscaping around the community centre. Further, the aged skate park will need to be demolished to make room for the relocated tennis courts, and a new multi-purpose concrete loop track for use by local young children and youth developed.

## **6. Merit Criteria**

### **6.1 Economic Benefit**

This project will result in significant new infrastructure at Perth including the upgrade and expansion of the Early Learning Centre and Community Centre, relocation of the town's public



tennis courts to the recreation ground, demolition of the skate park and development of a multi-purpose concrete loop track.

The Northern Tasmania Economic Modelling Tool, developed by Northern Tasmania Development Corporation, was utilised to determine the economic impact of the project during construction, with the following impacts predicted:

### Impact Summary

Summary	Output (\$m)	Value-added (\$m)	Local jobs	Residents jobs
Starting position Northern Midlands Council area (year ended June 2017)				
Building Construction	36.48	6.83	153	166
All industries	1,323.66	674.64	5,462	6,266
Impacts on Northern Midlands Council area economy				
Direct impact on Building Construction sector	4.20	0.79	18	
Industrial impact	1.51	0.67	7	
Consumption impact	0.10	0.05	0	
Total impact on Northern Midlands Council area economy	5.81	1.50	25	12
Type 1 multiplier (direct & industrial)	1.36	1.85	1	
Type 2 multiplier (direct, industrial & consumption)	1.38	1.91	1	
Impact on Tasmania economy				
Total impact - Tasmania outside Northern Midlands Council area	0.45	0.23	2	16
Total impact Tasmania economy	6.26	1.73	27	27
Impact on Australian economy				
Total impact outside Tasmania economy	2.32	1.03	9	9
Total impact on Australian economy	8.58	2.76	36	36

Source: [National Institute of Economic and Industry Research \(NIEIR\)](#) ©2016. Compiled and presented in economy.id by [.id](#), the population experts.

Note: All \$ values are expressed in 2015-16 base year dollar terms.



The Early Learning Centre currently has 20 places. The upgraded and expanded Centre will have the capacity for 60 places, initially we intend to open 40 places. The after school care program currently has a 24 place capacity. The expanded Centre will enable the capacity to increase to 40. The vacation care program currently has a 24 place capacity. The expanded Centre will enable the capacity to increase to 40.

This doubling of places will create nine new FTEs: (educators, admin, cleaners etc.....). It is anticipated the majority of these new staff members will live in the Northern Midlands, thus this increase in salary cash will flow into the local economy through expenditure at local businesses.

Given that Aboriginal people comprise 3.6% of the Tasmanian population, it can be assumed that possibly one job created during construction will be filled by an Aboriginal person, and possibly one of the ongoing jobs created.

Working parents need safe, reliable and affordable child care. For low-income parents moving from welfare into the workforce, that can be hard to find. The upgraded and expanded Early Learning Centre will assist such parents, as Council operates the Centre as a not-for-profit, and maintains the fees at the lowest rate possible to cover costs. Thus another positive economic benefit of the project will be a reduction in welfare payments as these parents move into the workforce.

There is a growing body of research that documents the importance of children's early experiences for their healthy development and academic success. Each child at the Centre has an individualised educational program that is constantly under review to ensure it maintains currency. The Centre program also is structured to instill societal values in the children such as working together in a collective tradition. The economic benefit to these children will be recognised as they progress successfully through the education system and into the workforce.

The 2015 Australian Early Development Census, an Australian Government Initiative, reports that only 29.3% of Northern Midlands' parents of children aged 0-4 years old have completed Year 12 (the Tasmanian average is 39.5% and the national average is 53.6%). A sound early learning environment is essential for the children of these parents, to ensure the children

prosper in the education system and progress to at least complete Year 12, if not into further education to obtain post-school qualifications. This all odes well for the Tasmanian economy in the future as there will be a more highly skilled workforce and less Tasmanians reliant on the welfare system for financial support.

Perth residents will realise economic returns from the project as their property values increase due to the increased public investment in the town.

## 6.2 Social Benefit

Carr et al (1992)\* included a literature review on the social benefits of public spaces and reported the following:

- Public spaces provide a meeting place to build and strengthen social ties that have been disappearing in many communities;
- These social ties can instil a sense of community: a feeling that members have of belonging, a feeling that members matter to one another and to the group, and a shared faith that members' needs will be met through their commitment to be together;
- People's sense of connection is critical to well-being;
- Social connection provides a platform for communities to share information, resources and skills, making them dynamic and more resilient;
- Physical health benefits accrue when public spaces are within walking distance of town residents' homes; they contribute to creating an inviting, walkable environment for residents;

All these social and cultural benefits will be delivered for parents utilising the Centre, and Perth residents using the new tennis courts and multi-purpose concrete loop track.

The upgraded and expanded Early Learning Centre will also increase community volunteering. More local residents will have the opportunity to assist with the operation of the Centre through fundraising activities, assisting with the after school and vacation care programs and manning the toy library.

Further community members voluntarily manage the tennis court booking system and maintenance of the courts, and will be involved with the use and maintenance of the loop track.

The 2015 Australian Early Development Census data was utilised to create Community Profiles for each Local Government Area. The Northern Midlands profile includes the following concerning data:

AEDC Domain	2012 Developmentally on track (% of children in first year at school)	2015 Developmentally on track (% of children in first year at school)	2012-2015 change in percent on track
Physical health and well-being	91.3%	81.1%	-10.2%
Social competence	80.4%	75.8%	-4.7%
Emotional maturity	81.2%	75.8%	-5.4%
Language and cognitive skills (school-based)	84.1%	82.6%	-1.5%
Communication skills and general knowledge	90.6%	84.8%	-5.7%

It is vitally important that young children in the Northern Midlands have access to high quality early learning experiences so that these concerning statistics can be turned around.

The upgraded and expanded Early Learning Centre will be able to cater for an additional 20-40 children each day – and a particular focus will be on enrolling children from families with parents who did not complete Year 12, and where the children are known to be exhibiting signs of developmental delay.

### 6.3 Project Delivery

Our Council is in a sound financial situation, as evidenced in recent audited financial statements (available on Council's website [www.northernmidlands.tas.gov.au](http://www.northernmidlands.tas.gov.au)). Council has



the funds committed in the 2017/2018 Council Budget to meet its obligations as stated in the funding application.

This project is investment ready. Council has engaged consultants to manage the Development Application and approval, detail design, tendering and construction processes. This work will commence in March 2017 and the development application will be ready to submit when Council is advised of the outcome of this funding application. The project will be commenced well and truly within twelve weeks of executing the Grant Agreement with the Department of Infrastructure and Regional Development and the Department of Industry, Innovation and Science.

Council has a long and proud track record of sound and effective management of complex projects. This has been demonstrated by Council's managing, expending and acquitting funding in accordance with grant agreements for projects including:

- Bridges Renewal Program Rounds 1, 2 and 3: close to \$5 million
- Roads to Recovery Grant Program - \$715,000 per annum
- Disaster Mitigation Program – Longford Flood Levee System \$1,500,000
- National Heritage Trust - Longford Water Treatment Plant construction \$400,000
- Department of Health – Longford Velodrome refurbishment - \$150,000
- Department of Education - Rural & Remote Childcare Service - \$167,058 per annum
- Department of Transport - Campbell Town Bridge Connection Project - \$113,750

Council is developing all the supporting documentation required, has staff with the skills and experience to manage the project and will engage contractors with the proven ability to deliver the desired project outcomes. Council has full confidence that the Perth Early Learning Centre Infrastructure Project will be delivered on time, on budget and to the required standard.

The Perth Early Learning Centre Infrastructure Project Asset Management Plan has been uploaded to the BBRF Attachment Folder. This plan articulates the management and

maintenance strategies Council will employ to ensure the project assets meet the required service standard in the most cost effective manner for present and future consumers.

The Project Management Plan has been uploaded to the BBRF Attachment Folder. This plan articulates how Council will manage project execution of the Perth Early Learning Centre Infrastructure Project. It comprehensively covers the project scope, implementation methodology and timelines, project financials and risk management.

#### **6.4. Impact of Grant Funding**

The total cost of the project is \$4,213,300 GST exclusive. Council has committed \$2,106,650 to the project and is requesting a matching grant of \$2,106,650 from the Building Better Regions Fund.

The Australian Government's contribution of 50% of the project cost will leverage 50% of the project cost from Council: a clear demonstration of value for money.

Over and above the economic value of the project, are the highly significant social and cultural benefits accruing from the project including instilling a sense of community, increased social connection, positive impact on health and well-being, and enrichment and enlivening of peoples' lives.

These project economic, social and cultural values clearly demonstrate the benefit to the local community is well and truly commensurate with the value of the grant requested.

Partnerships will be leveraged by the project: within and beyond the Perth community. Community members, businesses and community organisations will partner to refine the project plans and to assist with the project implementation and evaluation.

The project will not go ahead without the grant as Council does not have the financial resources to fully fund the project. It needs to be noted that Council will also have to fund the fitout of the Centre as these unfixed furnishing items are ineligible expenditure under the BBRF guidelines.

## 7. Alignment with Council's Strategic Plan

Council's 2017-2027 Strategic Plan has four key result areas of relevance to the Perth Early Learning Centre Project:

Key Result Area	Strategic Outcomes	Core Strategies
Money matters	Budgets are responsible yet innovative  Improve community assets responsibly and sustainability	Flexible fiscal plans enable new projects to be explored  A 20-year asset management plan to maintain assets
Strategic delivery project	Strategic, sustainable infrastructure is progressive  Proactive engagement drives new enterprise	Flexible project priorities build competitive advantage  Plan and embed 'sense of place' principles
Economic development	Maximise external funding opportunities  Minimise industrial environment impact on amenity	Secure high levels of external funding for projects  Capture town character through 'sense of place' projects
Leaders with Impact	Management and Elected Representation	Council is connected to the community.  Management is efficient, proactive and responsible

## 8. Implementation Strategy

### 8.1 Outputs

- Upgraded and expanded Early Learning Centre catering for up to 60 long day care places, 40 out of school and vacation care places
- 2 new tennis courts with lighting, fencing, seating and landscaping
- Demolition of the skate park



- Multi-Purpose concrete loop track for wheeled play (skateboards, scooters, inline skates, bicycles and wheelchairs either separately or all at the same time)- of varying widths, turns, low berms, humps and the inclusion of skate park elements such as a fun box and grind rails

## 8.2 Work Plan

Task	Start Date	Completion Date
Project detailed design plans	4 March 2019	17 May 2019
Building permit and development application approved	17 May 2019	28 June 2019
Site preparation (10% project completion)	28 June 2019	31 Oct 2019
50% project completion: \$2,106,650 expended	31 Oct 2019	30 Jan 2020
100% project completion \$4,213,300 expended	30 Jan 2020	31 July 2020
Handover: completion of works, defect rectification	31 July 2020	31 July 2021

## 8.3 Budget

The total project cost is \$4,213,300. Council has committed \$2,106,650 to the project and is seeking to secure a grant of \$2,106,650 from the Building Better Regions Fund to enable the project to come to full fruition.

# 9. Project Management Framework

## 9.1 Governance

The roles and responsibilities of the parties involved in the project are detailed below.

Role	Description
Council	Council approves all major plans, ensures that required resources are committed, arbitrates on any conflicts in the project or negotiates a solution to any problems between the project and external bodies.

<p>Project Director: Council's General Manager</p>	<p>The Project Director provides a single point of accountability to deliver the project in accordance with the project commitments and has full project authority within the limits of the budget and quality.</p> <p>The Project Director's role is to manage and direct assigned resources, make decisions about the project direction and ensure the project is properly managed and staffed. The Project Director is also responsible for ensuring the project delivers in accordance with the terms and conditions of the Grant Agreement with the Departments of Infrastructure and Regional Development, and Industry, Innovation and Science.</p>
<p>Project Manager: Council's Works Manager</p>	<p>The Project Manager has the authority to run the project on a day-to-day basis on behalf of the Project Director, within the constraints laid down by the Project Director.</p> <p>The Project Manager's prime responsibility is to ensure that the project produces the required deliverables, to the required standard of quality and within the specified constraints of time and cost.</p>
<p>Project Team: Council Engineer &amp; Engineering Officer: Works Supervisor: Accountant: Executive Assistant Works</p>	<p>The Project Team members carry out the tasks and activities assigned to them in accordance to the project's roles and responsibilities. They are responsible for identifying and escalating any risks or issues encountered during the course of the project.</p>
<p>Third Party Suppliers</p>	<p>Contractors/Suppliers (Third Parties) carry out activities assigned to them as per the agreed contract/engagement terms and conditions.</p>

Project Support: Council Office staff, Outdoor Workforce	Assist the Project Director, Manager and Team in undertaking project management functions
--	---

## 9.2 Quality Management

The following are the quality objectives of the project that reflect the overall intentions to be applied with regard to quality throughout the project.

### a) Procurement/Tender

A complete and fully detailed tender document is to be prepared to encompass all the design objectives, ensure suitable Contractor(s) are in place, and that there is no significant design, cost or timeline extension risk for the project.

### b) Construction

Council's suitably qualified technical staff will ensure the Contract is administered and carried out, within budget and the selected time frame.





NORTHERN  
MIDLANDS  
COUNCIL

# PERTH EARLY LEARNING /CHILD CARE CENTRE UPGRADE AND EXPANSION PROJECT

## COST BENEFIT ANALYSIS



15 NOVEMBER 2018

## Table of Contents

1. Purpose of the Cost Benefit Analysis
2. Perth Early Learning Centre
3. Cost Benefit Analysis Incremental Analysis
4. Economic Impact
5. Cost Benefit Analysis Outcome



## **1. Purpose of the Cost Benefit Analysis**

Cost Benefit Analysis (CBA) assesses the merit of investing in a project i.e. it assesses if the project is worth doing when a broad societal perspective is taken. CBA contrasts the project's economic, social and environmental benefits with its costs, to establish if the benefits outweigh the costs.

If this is the case, the project is considered worth doing from a broad community welfare (or economic efficiency) perspective.

## **2. Perth Early Learning Centre**

In 1999 the Department of Family and Community Services identified the Northern Midlands as an area of high priority for the development of child care services for the area's rural and remote communities. The Northern Midlands Council was approached to sponsor the proposed innovative mobile rural and remote child care service. Council agreed to sponsor the service and worked with key stakeholders to develop the service.

The service commenced operation one day/week in Avoca, Campbell Town and Cressy in early 2001. The service was highly successful, as measured by utilisation rates and customer satisfaction. Demand for the service was overwhelming, far in excess of the expectations indicated during the community consultations.

Sufficient funding was available to expand the service during 2002. Perth was identified as the priority location for this service expansion and in March 2002, the Commonwealth approved this as a new location for the service. A child care centre was constructed as an extension of the Perth Community Centre in Fairtlough Street (adjacent to Perth Primary School and Perth Recreation Ground). The Centre opened two days/week in early 2003.

Demand for the Perth service warranted investigation of the possibility of operating that service five days/week. This was achieved and the service transferred to the Long Day Care Funding Program – effective September 22<sup>nd</sup> 2003. The service initially offered child care only however, as a result of community demand, the service has expanded to provide after school care, vacation care and a toy library.



The 20 place Centre comprises a large activity room, sleep/quiet time room, small office, change/toilet facilities and an outdoor playground. Staff access the community centre kitchen, use the community centre meeting room for after school and vacation care activities, and share the use of the storeroom in the community centre's stadium.

The sharing of these community centre facilities with other community organisations creates a number of challenges that the Centre staff struggle to overcome. The after school and vacation care children have to use the community centre toilets which creates safety and supervisory challenges. Other community organisations cannot use the community centre meeting room between 3-6pm weekdays and during school holiday weekdays. This creates angst and tension between the Centre staff and the other community organisations.

The Centre consistently has a waiting list and struggles to juggle staffing to accommodate mandated staffing ratios for babies through to five year olds.

### 3. Cost Benefit Analysis Incremental Benefits

**Capital costs:** The total capital cost associated with the project is \$4,213,300, excluding any taxes.

**Recurrent costs:** These costs include the annual costs of maintaining the new infrastructure, including the depreciation allowance for undertaking cyclical maintenance work at regular intervals. An annual estimate of \$42,133 is used for estimation i.e. approximately 1% of capital cost estimates related to infrastructure work.

**Transaction costs:** These costs include the upfront planning, legal, transactions and approvals costs to be expended by Council when engaging in negotiations relating to the project. These costs have been estimated at \$3,000.

**Improved amenity and community well-being:** The Project Business Case document the extent of disadvantage in the catchment area of the Early Learning Centre. It also presents concerning data about the developmental risks being experienced by many of the young children in the catchment area, including the high number of children being raised by parents

who did not complete Year 12. This project will create the long day care places required to enable up to another 40 0-4 year olds to access early learning. Their parents can then secure employment or undertake further education/training. It is no possible to put a dollar value on this highly significant community well-being benefit of the project.

#### 4. Economic Impact.

The Northern Tasmania Economic Modelling Tool, developed by Northern Tasmania Development Corporation, was utilised to determine the economic impact of the project during construction, with the following impacts predicted:

#### Impact Summary

Northern Midlands Council area - Modelling the effect of adding \$4.2m sales in Building Construction - Inflation adjusted				
Summary	Output (\$m)	Value-added (\$m)	Local jobs	Residents jobs
Starting position Northern Midlands Council area (year ended June 2017)				
Building Construction	36.48	6.83	153	166
All industries	1,323.66	674.64	5,462	6,266
Impacts on Northern Midlands Council area economy				
Direct impact on Building Construction sector	4.20	0.79	18	
Industrial impact	1.51	0.67	7	
Consumption impact	0.10	0.05	0	
Total impact on Northern Midlands Council area economy	5.81	1.50	25	12
Type 1 multiplier (direct & industrial)	1.36	1.85	1	
Type 2 multiplier (direct, industrial & consumption)	1.38	1.91	1	
Impact on Tasmania economy				
Total impact - Tasmania outside Northern Midlands Council area	0.45	0.23	2	16
Total impact Tasmania economy	6.26	1.73	27	27
Impact on Australian economy				
Total impact outside Tasmania economy	2.32	1.03	9	9
Total impact on Australian economy	8.58	2.76	36	36

Source: [National Institute of Economic and Industry Research \(NIEIR\)](#) ©2016. Compiled and presented in economy.id by [.id](#), the population experts.



Note: All \$ values are expressed in 2015-16 base year dollar terms.



The Early Learning Centre currently has 20 places. The upgraded and expanded Centre will have the capacity for 60 places, initially we intend to open 40 places. The after school care program currently has a 24 place capacity. The expanded Centre will enable the capacity to increase to 40. The vacation care program currently has a 24 place capacity. The expanded Centre will enable the capacity to increase to 40.

This doubling of places will create nine new FTEs: (educators, admin, cleaners etc.....). It is anticipated the majority of these new staff members will live in the Northern Midlands, thus this increase in salary cash will flow into the local economy through expenditure at local businesses.

Given that Aboriginal people comprise 3.6% of the Tasmanian population, it can be assumed that possibly one job created during construction will be filled by an Aboriginal person, and possibly one of the ongoing jobs created.

### **Cost Benefit Analysis Outcome**

Working parents need safe, reliable and affordable child care. For low-income parents moving from welfare into the workforce, that can be hard to find. The upgraded and expanded Early Learning Centre will assist such parents, as Council operates the Centre as a not-for-profit, and maintains the fees at the lowest rate possible to cover costs. Thus another positive economic benefit of the project will be a reduction in welfare payments as these parents move into the workforce.

There is a growing body of research that documents the importance of children's early experiences for their healthy development and academic success. Each child at the Centre has an individualised educational program that is constantly under review to ensure it maintains currency. The Centre program also is structured to instill societal values in the



children such as working together in a collective tradition. The economic benefit to these children will be recognised as they progress successfully through the education system and into the workforce.

Currently an Australian adult on Newstart Allowance receives \$489.70 per fortnight, and a couple \$884. This equates to \$12,732 annually for a single person, and \$22,984 for a couple.

The new Early Learning Centre will offer an additional 40 long day care places. If this releases 40 couples to seek employment and no longer require Newstart Allowances, this is a saving to the Australian Government of \$919,360 annually.

The total cost of the project is \$4,143,300, and Council is seeking a BBRF grant of \$2,106,650.

Given the above data, it will only take 27 months for the government to recoup the cost of the grant requested for this project. That is assessed as highly significant value for money

**On this basis, the investment is assessed as highly worthy from a socio-economic perspective.**