Thank You for the opportunity to make this submission,
I have been an Approved Provider since 1995 of Glenning Valley Child Care Centre, Oakdowns Early Learning Centre (I have since sold the service)and Woodport Early Learning Centre since 2014.

I feel there is a lack of understanding of the costs that are involved in providing a service that offers high quality and still remains affordable for families. COVID-19 has been a difficult time, however the ongoing increases in costs are only partly attributed to the pandemic.
I would like to make comment on the component of the Provider costs and revenue in delivering services.
The cost of owning and operating a service is highly impacted by complying with the regulatory environment. The costs in operational staffing, additional educators to allow for planning and programming and the need for additional educators to support children who may have additional needs are very complex and always increasing. I have a very highly skilled and experienced team. There are ever increasing costs in maintaining the same level of high quality care and education for our families.
There is a wide range of costs that are not considered by the average person in the provision of service costs for us and they include:-

* Food and Drinks for children especially the increasing costs of fresh fruit and vegetables, meat and dairy products
* Consumables such as paper towel, nappies, detergent, washing powder, toilet paper, tissues, cleaning equipment
* Consumables that support our program such as ink, paper, paint, art and craft materials
* We have seen a massive increase in the costs in particular of health and hygiene materials such as paper towel, soap, cleaning materials, first aid items
* Electricity- there have been very significant increases in costs and we have recently installed panels however the high costs of installing batteries has been unaffordable at this time.
* Professional cleaner fees
* Insurances - there has been a nearly 20% increase in our insurance costs
* Council rates and fees, Water
* Rubbish collection - increased 5% year on year.
* Equipment and resources
* Training and education
* Cyber security software subscriptions
* Cost of finance
* Payroll and company tax
* Government policies reducing trainee/apprentice wage subsidy schemes

What types of costs or circumstances are most challenging for providers in delivering quality early childhood services?
It is difficult to forecast the costs as there have been regular spikes in the cost of insurance, food and consumables. Award wage increases are unknown until Fairwork makes the decision in June each year but wages have been increasing significantly over the past few years to maintain our high accreditation standards and staff loyalty. Legislated increases to employer superannuation payments (0.5% each year) on top of award wage increases have also been impacting our bottom line.
We currently have a number of educators who will be taking parental leave and we are finding it quite difficult to engage experienced and skilled educators to fill these roles. This is very unusual for our service as we have a very high retention rate and very long term teachers and educators. I have 3

Teachers who have been with me for more than 25 years and 5 who have been with me for more than 15 and many more who are approaching 10 years of service.

What costs do providers usually incur to improve early childhood service ?

* Cost of education and training and the cost of the relief staff for educators to undertake the training.
* Costs of improvement to facilities.
* Costs of equipment and resources to support the educational program.
* Costs to support engagement with families.

What factors do you think IPART should consider when using cost information to estimate price benchmarks?

* IPART needs to consider all factors not just the CPI as this does not capture the full costs that we are incurring.
* All of our ongoing costs such as food, consumables, maintenance, utility charges, property and business insurance costs are increasing much higher than CPI (some of these costs are increasing by over 20% year on year)
* Consideration should be given to the additional on costs to services when there is a pay increase such as workers compensation premium increases and payroll tax liabilities as wages increase.
* The threshold for payroll tax has not increased to allow for increases in wages and this must be considered an additional cost of the service.

How do profit margins and cost recovery impact providers decisions about costs and revenue?

* It means that we need to factor in contingency plans into our fee increases to allow for a greater allowance to allow for the increasing costs.
* The cost of finance is ever increasing at this time, as we see increases in the costs of our loans and associated costs. These costs will need to be passed on in our fee increases.