

## Does OOSH need its own purpose built facility?

### Purpose

1. The Centre's long-term goal over many generations of Committee's, is to build its own dedicated facility at ENPS. The last serious effort ended in 2015 due to lack of finance and approvals. Since then the focus has been on "business health" so the business is in a position to debt finance any new build. This has been achieved and it is time for the Committee to review this goal.

### Considerations

2. OOSH can cater for 95-110 students at present.
3. Since inception ENOSCHP has operated in a dedicated space at ENPS leased from the Department. We are currently in the second of a five-year lease that provides dedicated access to two class rooms and a storage room to care for up to 95 children per session. We also have access to the ground and an informal agreement with the Principal to use the art studio and library on an as needs basis. Negotiations are currently underway to increase the cap to 110 children per session in line with our licence. While the facilities are cramped when numbers are close to the cap or the weather is inclement they are sufficient.
4. The school population is unlikely to grow suddenly unless the Department changes policy.
5. Future demand is a function of demographics and the Department's zoning policy and goals for the School. North Epping is expected to remain predominantly single houses which means families moving in/out of the suburb are the primary determinant of the school population under the current zoning policy. Extending the zone and allowing more out of zone children might increase the long-run average of 400-450 students.
6. Wider regional demand for primary education is increasing the size of neighbouring schools dramatically. The Department has not signalled whether increasing the size of ENPS to cater for this demand is a possible solution. This may place short-run pressure on the rooms we lease for a moderate demand (i.e. once the vacant class rooms are filled). In the long run such a decision would require new buildings at ENPS to cater for larger growth.

### OOSH demand is increasing and will reach our caps in the future

7. There has been a steady increase in OOSH attendance over the past few years. This is driven by an increase of families with two working parents attending the school. This trend is expected to increase given the shift in socio-economic profile of the suburb and high housing prices. Demand exceeded places available for one session in 2018. It is expected the current policy of being able to "care for you child anytime and without notice" is no longer sustainable and that waiting lists will be increasingly required.

### What does building a dedicated facility entail? – the financial capability to do so

8. The Committee sought quotes on a bespoke 90 children per session building in 2014 that came in at \$1-1.5M. Subsequent investigation estimated using transportable buildings instead with the ability to expand through additional modules would cost \$600K for 90 children per session. Building costs have continued to rise and with contingencies the cost will be higher.
9. It is unavoidable debt finance will be required since savings are currently \$500K and it is likely costs will continue to rise faster than the current savings rate (\$50-70K p.a.). The nature of the business and the facility make debt financing challenging. Financiers prefer to secure loans against an accountable well-run business with tangible assets. Our association business model means the former is hard to demonstrate. The only real tangible asset is a cashflow from a

captive market given the building would need to be gifted to and then leased back from the Department (you cannot own a building on their land).

### What does building a dedicated facility entail? – Departmental permission/ construction and possible Council approval

10. Building at the school permission of the Department and may mandate use of their procurement processes. Depending on which pathway is chosen the building can be either included under the Department's landuse permissions or separate development approval from council will be needed. The latter provides some way of mitigating the risk of objections during approvals.
11. Permission requires the Committee to lodge a proposal which outlines what is intended, location, support from the Principal and demonstrable financial capability to pay. A request to confirm possible building envelopes to start this process with the Department following Assets Branch in 2014 was never responded to. The previous Principal was supportive of the build in principle but not necessarily as a priority.

### What happens if we don't build? – not much but operations become harder

12. The last Committee's push was built on the perception the leased rooms would be resumed by the school to meet demand for the leased rooms from rising student numbers. A plateau in student needs reduced this threat. On a political and policy basis the school is expected to provide spaces for OOSH to operate from.
13. The current lease provides some, but absolute, access to the spaces we lease for the next few years. The worst-case scenario is the rooms become a dual-use space which need to switch between OOSH/teaching/OOSH/teaching each day.
14. If the Department decides to erect new buildings OOSH could contribute to the cost to establish a new facility.

### Discussion

15. It is likely that OOSH demand will exceed our physical capacity to supply (and legal cap) in the future. Building a dedicated facility could extend capacity to supply but require finance and permissions that are not in place. We cannot save sufficiently, and permission requires us to put up a proposal the Department has no obligation to accept.
16. We can manage with current arrangement so long as the Committee is willing to accept OOSH cannot accept all children on any given day. This is common across other Centres. If the Department develops the school, there may be opportunities to co-invest in a new facility. Either way there seems little point to simply save for an ill-defined goal. None the less continuing to operate as profitable business that can service debt and plan for future development is critical.
17. The association has accumulated significant savings in the order of \$500K. If constructing a dedicated building is not a short-term goal the Committee needs to review its current savings policy and decide what to do with the building funds accumulated. The options are:
  - a. Capital accumulate: preserve or disburse
  - b. Annual building savings: keep accumulating for a building or re-direct
18. Given these funds took considerable time and effort to accumulate and there are many uncertainties and opportunities in the future they should be preserved. Future surpluses should be redirected – preferable from a surplus distribution accounting perspective to demonstrate the Centre's financial ability to service debt.

## Recommendations

19. Agree OOSH will not be able to accept all children on any given day and communicate why this is the case to parents
20. Re-define the build goal to “securing access to facilities”
21. Retain existing building funds with the policy they can only be used for this goal
22. Assess the “securing access to facilities” risk annually on a rolling 3-5 year horizon to determine actions for the coming year
23. Agree on an investment plan each year to invest surpluses from the previous year to improve the Centre’s services

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14 May 2018