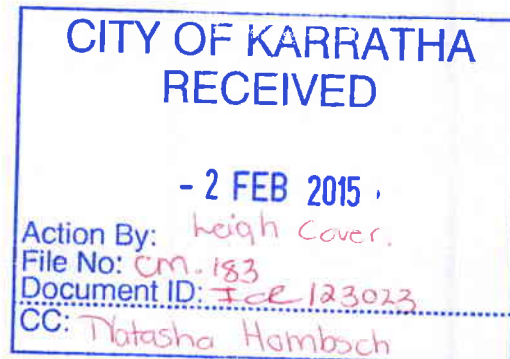


29 January 2015

Leigh Cover
Manager Leisure Services
City of Karratha
PO Box 219
KARRATHA WA 6714



Dear Leigh

Re: Dampier Hub Early Education and Care Service (ELC)

The Children's Services Support Unit (CSSU) Incorporated (CSSU) Board of Directors (Board) met on the 28 January 2014. At the meeting the City of Karratha's (City) proposal for the ELC was discussed. Based on historical utilisation, current utilisation and the population of the town of Dampier CSSU does not believe that there is evidence to suggest that the Dampier ELC will achieve the utilisation projected by the City within the next five years.

CSSU has centralised the bookings and enrolment process to our head office in Perth and have been actively promoting the CSSU Dampier ELC to families that are unable to secure a place in services based in the City. The vast majority of families state that Dampier is too far to travel. Only one family has taken up a position in Dampier from the City. This family was new to the area.

The model proposed by the City would incur an annual deficit of \$53,464 subject to the ELC receiving sustainability funding (which government reviews annually). Without sustainability funding the ELC would incur a deficit of \$106,464.

To be viable the ELC requires at a minimum 23 full time equivalent (FTE) children attending. Utilisation has been historically 13 FTE.

The Board has decided until the service has 23 FTE children attending for a 12 month period CSSU would require the following support:

- Sustainability funding \$53,000 (currently guaranteed until 30 June 2016)
- 1 x Subsidised house
- Subsidised rent

Enrolments at the Dampier ELC are currently:

Day	No. of Children
Monday	6
Tuesday	7
Wednesday	10
Thursday	10
Friday	7

Day	No. of Children By Age		
	0-2 Years	2-3 Years	3-5 Years
Monday	0	5	1
Tuesday	1	6	0
Wednesday	1	7	2
Thursday	1	7	2
Friday	2	5	0

We project that this number will increase to 13 FTE by March 2015.

Based on this evidence the Board will take on the lease subject to receipt of ongoing sustainability funding, 1 x subsidised house and no rent charge until the ELC maintains utilisation of 23 FTE children for a 12 month period. Once utilisation is at 23 FTE 3% rent charge would apply.

CSSU will actively promote the ELC and encourage families living in the City to attend the ELC when there are no places in the City. CSSU will also develop a marketing strategy for the ELC and work with both Rio Tinto and the City to build the numbers.

CSSU can guarantee a quality service. The existing CSSU Dampier ELC underwent the National Quality Standards (NQS) audit and rated 'Exceeding' the NQS in November/December 2014. Very few other organisations are achieving this result in rural and remote areas. All of CSSU rural and remote services, that have been assessed, have received an 'Exceeding' rating.

CSSU works closely with Rio Tinto, meeting quarterly and has a current sponsorship agreement in place covering five services (including Dampier). Coral Callan is in negotiation with Rio Tinto in relation to the ELC but as yet no outcome has been achieved.

Please don't hesitate to contact me if you have any questions or would like to discuss the matter further.

Kindest Regards



Karri Hillier

Chief Executive Officer